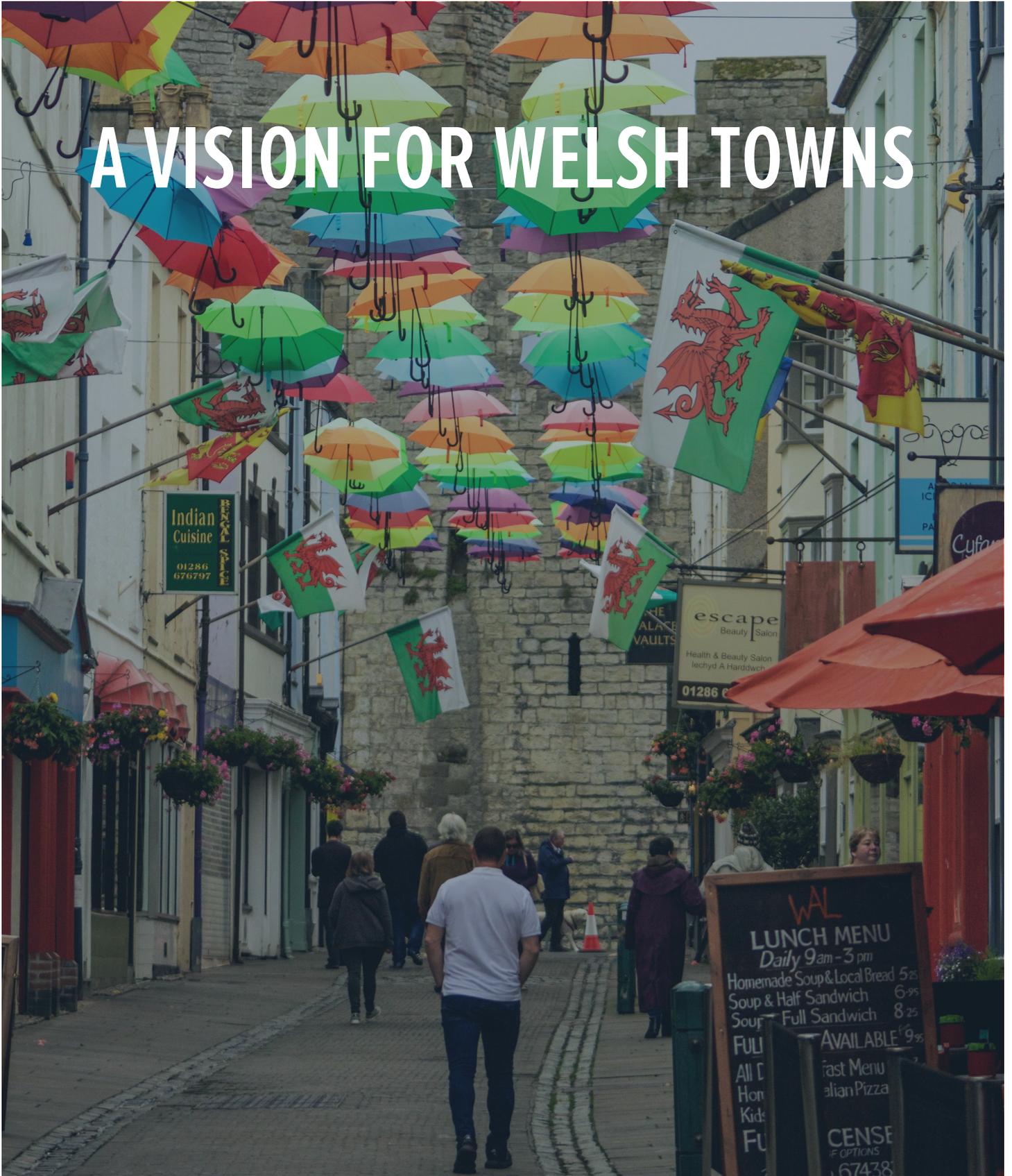


A VISION FOR WELSH TOWNS



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Brett John

 @fsb_wales

[fsb.wales](https://www.fsb.wales)

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Experts in Business
Arbenigwyr mewn Busnes

KEY FINDINGS

What small businesses think



A clear majority of town centre businesses interviewed perceived car parking as a barrier to success

Town centre businesses believe that business rates are an unfair charge that hinders their viability



65%

small businesses have experienced reduced consumer demand or cancellations over recent months



A significant number of businesses

(42%)

have endured supply chain issues, which have raised their costs



People in Wales are using town centres and high streets less

(44%)

and online retail more

(57%)



WHAT PEOPLE THINK

People overwhelmingly **express negative sentiments** about the state of their town centre or high street:

67%
described theirs as
'bad' or 'bleak'



Only
3%
felt their **town centre**
was **'thriving'**



46%
were **not satisfied**
with the actions of decision makers
to improve their town centre

Only
12% 

were **happy with progress**

Only
33%
felt that their local businesses
had been supported
well throughout the pandemic



People rank
'thriving small and independent shops'
as their **highest priority** for the future
of their town centre



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INTRODUCTION

Welsh town centres and high streets are a source of demonstrable resilience: despite the odds stacked against them – from out-of-town developments and online retail to demographic changes and, recently, the pandemic – their presence as the heart of communities remains. Crucially, people haven't given up on them.

The aim of this work was to confirm what small businesses thought the main challenges, issues and opportunities for their town centres were. As such, we conducted in-depth semi-structured interviews to develop an understanding of their needs, from the 'bottom-up'. FSB Wales also sought to understand the views of people throughout Wales – gathering the insights, perspectives and priorities through a public survey. While the majority expressed negative sentiments about the 'bleak' state of their local spaces, there remains a clear appreciation for their area and a clear desire to see improvements. The development of this work inspired lively debate – with Councillors, Members of the Senedd and Members of Parliament from across the political spectrum sharing FSB's work, and constituents expressing their experiences and ideas to help revitalise. The interest and passion that individuals have for their town centres could not be overstated. Crucially, this goodwill and attachment did not extend to out-of-town developments or online retail alternatives.

Nonetheless, while town centres and high streets remain central to our communities, they unquestionably face huge challenges. Many of the issues are long-standing and well-established. The difficulties facing many of these small businesses have only increased due to the pandemic. In the eyes of many, the outlook for these spaces is 'bleak'.

Town centres and high streets across Wales are diverse, varying significantly by socio-economic makeup, sectoral breakdown and historical or natural qualities, as well as in their individual competitive advantages. A single prescriptive blueprint for success is therefore an impossible challenge. However, our diversity is our strength. Town centres and high streets can be beacons of character and creativity, of civic life and cohesion in a way that is unmatched by out-of-town developments. The place-making and strengthening potential of these spaces presents exciting social, economic and environmental opportunities.

This report seeks to identify the common areas of difficulty, as well as overarching principles of leadership and – importantly – practical recommendations for consideration at a local level, by all layers of decision-making. Throughout this report, reference is made generally to 'decision-makers'. These include key partners from Town and Rural Councils, Councillors and staff within each Local Authority, Members of the Senedd and Parliament, Welsh and UK Government Ministers and civil servants, as well as other bodies with interest such as Business Improvement Districts. A bright future for town centres can only be secured if these actors work constructively and collaboratively – in the interests of small businesses and local economic development.

The report is mainly broken into two parts:

- The state of our towns – A stocktake of the challenges that recent years have inflicted on our town centres. This is informed by small business engagement and public sentiments towards these spaces
- A vision for our towns – Setting out a successful future for our town centres and pathways to achieving thriving spaces

Decision makers must act constructively and collaboratively to guard against our town centres simply serving as reminders to a bygone era. A vibrant future for these spaces can exist, if small businesses are able to flourish and prosper.

THE CASE FOR ACTION

Pre-pandemic trends

In December 2018, FSB Wales – in collaboration with Llanelli-based consultancy ‘The Means’ – undertook a study, ‘The Future of Towns in Wales’, including extensive engagement with small businesses and stakeholders across Wales, to understand the challenges that our towns faced at that stage. The report argued that the biggest consideration for towns are the external trends affecting them; those societal forces and megatrends which are outside their ability to influence but which require an imaginative and strategic response.

They can be identified within three broad categories:

- Social and demographic changes
- Urbanisation to cities and clustering
- Technological breakthroughs and changes in consumption patterns

These challenges remain relevant, and in some cases have been exacerbated by the experience of recent years. The report also highlighted that our review of the key megatrends caution that towns don’t stand still. They must respond positively to the demographic and other forces that impact them, or face decline. The report couldn’t have anticipated the public health and economic crisis that was to unfold over subsequent years, but illustrates that these spaces must evolve to survive.

COVID-19

The pandemic has turned every aspect of life on its head – serving as one of the most widely destructive and immensely challenging periods in recent history. Inevitably, legislating to restrict people to limited activities in the interests of public health has significant consequences for the businesses surrounding our everyday lives. Swathes of small businesses were forced to close or severely limit operations. People were encouraged to strip their lives back to the bare necessities. The consequences on supply chain disruption have also been felt by businesses in town centres.

There will be no ‘going back’ to our pre-pandemic normalities. Things have fundamentally changed. But that shouldn’t mean that we can’t go forward – with our evolved sense of values – and prioritise the revitalisation of communities with vibrant, inclusive and prosperous local spaces at their heart.

Transition to Net Zero

The climate crisis has made us question how every aspect of our lives could have severe implications for future generations. The way that we live, work and consume – including use of town centre spaces – is no exception. Indeed, the vision for town centres needs to be constructed in a way that integrates these concerns, and as a mechanism to offer smart solutions, consistent with the Well-being of Future Generations legislation.

The Welsh Government’s Net Zero strategy¹ outlines an ask on “...the public to shop and consume goods and service closer to home, supporting local town centres and to also use their buying power to support businesses which are leaders in tackling climate change.” Fortunately, small businesses recognise their own role to rise to the challenge of climate change. FSB Wales² research confirms that 73% of small business owners agree that they have a responsibilities to help achieve climate change targets, and the will is there.

However, it is important to note the policy collisions between the short-term interventions necessary and the long-term objectives around decarbonisation. The conundrum of car parking is one area that exemplifies this contention, within the context of town centres.

¹ <https://gov.wales/sites/default/files/publications/2021-10/net-zero-wales-summary-document.pdf>

² <https://www.fsb.org.uk/resource-report/what-we-value.html>

Heightened interest

The Welsh Government has invested around £900 million in regenerating town centres since 2014³. Over the last year, the Welsh Government also received reports by Audit Wales and Foundational Economy Research to illustrate the precarious state of our town centres and help develop pathways to achieving a vision of “environmentally responsible, spatial development around compact centred towns with active travel and local facilities”⁴.

While these reports offer an honest account for the concerning decline of our town centres, and outline constructive challenge to decision-makers, it is important that the voice and priorities of small businesses are directly captured and considered – given their unique and significant role in helping to create vibrant spaces. This report therefore seeks to develop the small business case for town centre renewal and the view ‘from below’ and outline practical solutions to some of the problems that we face.

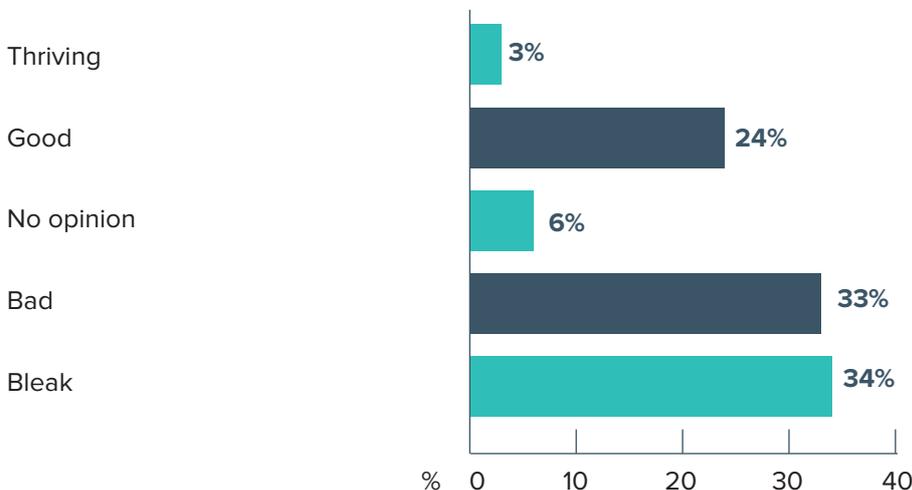
Alongside this work, the Welsh Government is also developing a Retail Strategy for Wales, drawing in different actors from across retail and business. Any transformational approach on regeneration needs to be complemented by a positive approach to develop an essential sector within our towns – developing a sustainable retail offering and employment which builds economic development within Welsh communities. It is vital that there is a joined-up and cross-governmental approach to towns, retail and business support that is centred on small businesses.

THE STATE OF OUR TOWNS

Wales is a small nation. The densest population is in our cities, though these are smaller than those elsewhere in the UK. As a result of this, a significant proportion of the day-to-day economy in Wales takes place in towns. These towns are where things are made, bought and sold or where we go to consume our leisure and public services.

Unfortunately, they are under threat from multiple directions, as evidenced by the concerning levels of public respondents that believe their town centre to be ‘bleak’.

TABLE 1: How would you describe your local town centre or high street?



³ <https://wao.gov.uk/publication/regenerating-town-centres-wales>

⁴ <https://gov.wales/sites/default/files/publications/2021-07/small-towns-big-issues-independent-research-report.pdf>

Pre-COVID challenges

Our research in 2018 highlighted three main types of migration affecting rural areas and small towns:

- The exodus of young adults
- The arrival of retirees
- 'Counter-urbanisation' by pre-retirement groups of 30 and 40-year olds with their children

'The Future of Towns in Wales' report also illustrated the ongoing trend of urbanisation. An increasing proportion of the population are relocating to live in cities from rural towns and villages. This has been coupled with the clustering effect of newer and higher paying industries; media, finance, technology, and others, located in closer vicinity to each other. For smaller towns throughout Wales, this has meant a decline in the economically active population, and a flight of medium and higher salaried jobs. Many towns are witnessing higher levels of unemployment, unskilled and or seasonal work, as jobs and people of working age concentrate in cities.

These difficult realities, when combined with the rise of online retail, place town centres in an unenviable position of competing against the odds and clambering to maintain relevance in twenty-first century Wales. Audit Wales⁵ have reported the concerning decline of town centres over recent years, through a loss of services and anchors:

- Between 2012 and 2020, bank and building society branches reduced by nearly 29% and ATMs have fallen by 18% in the last three years
- Post offices have experienced a decline, falling by almost 4% over the last decade
- One in seven shops on high streets in Wales are empty

The size of space required for most high street small businesses rarely equates to the size of an empty property that was previously occupied by a large retailer or bank. It would be encouraging to see owners of large empty properties consider how these units can be repackaged to better attract smaller businesses.

COVID-19: Impacts and challenges

Cumulatively, the pre-pandemic context for town centres was more than sufficient to make the task of their revival and modernisation an uphill struggle. The experience of the COVID-19 pandemic has served to exacerbate many of those challenges.

As was to be expected, our public engagement highlighted that people typically use their town centres and high streets less and online retail more, as a consequence of the pandemic.

Attempting to break this cycle would require an enormous effort. Both offer entirely different experiences. The reality is that both must co-exist and will continue to play a role in our lives.

The implications of such a difficult operating environment for small businesses can not be overstated. Long-standing and typically successful small businesses have been forced into making impossible decisions around their future. One of the retail businesses interviewed by FSB Wales, which has been in their town centre for nearly 80 years, explained how the dramatic decline in footfall means that redundancies will shortly become inevitable. The business indicated that, prior to the pandemic, they had plans to expand their operations and recruit more members of staff in their town centre premises.

FSB Wales' engagement has also reflected a depressing situation for our town centres. Feedback from our public poll highlighted some concerning sentiments.

⁵ <https://wao.gov.uk/sites/default/files/publications/town-centre-regeneration-eng.pdf>

TABLE 2: How has the COVID-19 pandemic affected your use of the town centre or high street?

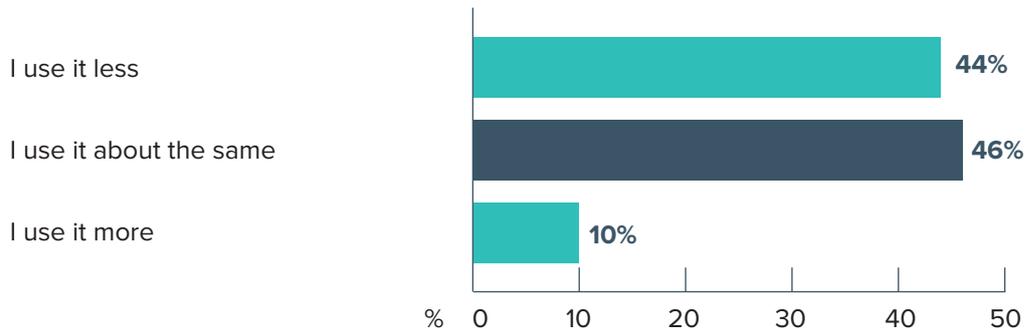
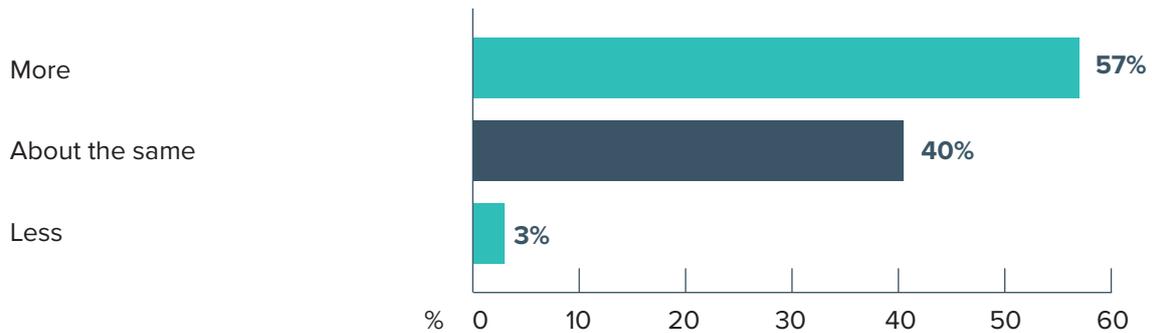


TABLE 3: Has the COVID-19 pandemic resulted in you using online shopping more or less?



“Dire! Have not ventured down to town in months! There is no need to go there other than the bank and that is due to close also! We need more variety.”

“Many empty shops, little to draw me in. Parking is a hassle, and just getting into town is a drag too...So not worth the bother.”

“There appears to be no incentive for new, independent businesses to open in the town centre. Paying for parking is a huge issue that sends people to the out-of-town shopping areas.”

“Run down, empty shops, filthy streets, empty flower tubs, narrowed roads, lack of parking are all pushing people out of the town centre.”

The challenge for decision-makers is to identify and help pronounce the intrinsic benefits of a physical town centre offering.

A storm of challenges on the horizon

Our economic recovery is still fragile and is likely to remain so for some time. Small businesses now find themselves bracing for a flashpoint of spiralling costs, skills shortages, and supply chain difficulties. In such a climate, it is vital that there is ongoing government support to ease the burden on businesses of business rates, the regressive rise in National Insurance Contributions, and VAT. Cumulatively, these issues present significant short-term challenges, which serve to exacerbate the underlying thematic problems in town centres.

A photography retailer in North Wales interviewed by FSB Wales highlighted the ramifications that supply chain disruption was having on their viability as a town centre business. The result of these delays and higher production costs have meant that it has been unavoidable to not increase the costs of their products, in an already immensely competitive environment where online retail giants are able to offer the same products at a reduced cost – albeit without the support that could be offered by the small business.

Small businesses interviewed as part of this project were unanimous in their view that support through the stages of economic recovery from the pandemic were critical, in light of the cocktail of difficulties that they are set to encounter.

The role of retail

For many, retail is at the heart of town centres and high streets. However, in recent years, there's been a noticeable shift in attitudes of decision-makers on the perceived viability of shops in these spaces. The Welsh Government's commissioned reports seemingly distance themselves from reliance on the sector, particularly against the backdrop of significant competitors in the form of out-of-town retail parks and online shopping alternatives.

In 2020, the Welsh Government noted⁶ “many towns are struggling in the wake of declining retail sales and the way we use town centres has changed. To help breathe new life into town centres, the Welsh Government is today unveiling a new ‘Town Centre First’ approach, which means locating services and buildings in town centres wherever possible. Utilising this approach, the public sector is also being encouraged to support towns by locating offices, facilities and services within them in order to drive footfall and create or sustain vibrancy.”

The performance of retail in town centres over recent years has not simply occurred due to an intrinsic and unsurmountable irrelevance. The shift in habits is complex, but in part it has been caused by the emergence of a fast-paced society with tools at its disposal to purchase products quickly and conveniently – from the comfort of their home. While this represents a significant challenge and imbalance, it does not mean that retail has only a limited and scaled back role in our town centres.

Indeed, while diversification will prove central to recovery efforts, our research strongly suggests that any dismissal of the future of retail in town centres and high streets is inconsistent with public attitudes and expectations. When prompted to rank what they would like to see in their local town centre or high street, ‘thriving small and independent shops’ came out on top – above all other key areas like places to eat and drink, a vibrant night-time economy, options to work closer to home and placement of essential services.

Recommendation: The Welsh Government's Retail Strategy should account for this continued importance for the sector in town centres, and explore ways for retail to be adapted to towns' advantage. FSB Wales will continue representing the voice of small businesses through this process.

Recommendation: Decision-makers at all levels should seek to address and alleviate the immediate cost pressures that existing small retail businesses in town centres are enduring. This must include considerations around business rates, parking and direct business support.

Recommendation: Decision-makers should identify and share best practice whereby coordination of events has resulted in increased footfall for town centre businesses.

⁶ <https://gov.wales/90-million-programme-transform-wales-towns>

Funky Monkey

'Funky Monkey', an ethical kids-wear retailer in Penarth, was established in July 2015. Husband and wife, Justin and Rebecca Horton, have grown the brand and established award-winning 'Funky Monkey' as a key place to go for ethical clothing, toys and gifts for children. Justin said:

"The pandemic was a hugely stressful and challenging time for High Street retailers. The lack of clarity has been devastating to businesses like ours. We're a small business. This is how we pay the bills, and help to provide for our family. We were forced to innovate, and develop an online presence to stay relevant. However, we strongly believe that retail remains critical in town centres. Independent and small shops are at the heart of our communities, so we have no intention of going anywhere and have big ambitions for the business. But the reality is that retail businesses need support to help create the town centre spaces that we want to see. Every effort should be made to help draw people into town centres, and help businesses reposition themselves for the next stages of economic recovery. Business rates reform is also long-overdue, and the experiences of recent years should make it a priority for decision makers. Achieving the vision for town centres and rising to the challenge will take leadership from every layer of decision-making. Small businesses need to be at the core of those discussions."

Disjointed thinking

There is no one individual decision-making body that holds all the levers necessary to improve our town centres. Efforts may inevitably be piecemeal, and cumulatively be worth more than the sum of its parts, but recent experiences point to disjointed thinking and lack of a clear vision. For example, the UK Government's Levelling Up agenda and post-EU funding arrangements run the risk of confusing the town centre narrative, in absence of meaningful collaborative effort with the Welsh Government and other key stakeholders. Our recent report, 'Building Businesses'⁷ explores some of the tensions and opportunities for UK and Welsh Governments on delivering on this agenda in a way that works for small businesses.

Unfortunately, this is also true within the Welsh Government itself. Some activity, including the development of policy objectives or strategy documents, could be regarded as contradictory, siloed or – at least – not complementary to the town centre agenda. This way of working is not conducive to the aspirations of the Well-being of Future Generations legislation, nor does it work for town centres or the small businesses based within them.

In many ways, the aspiration of the Welsh Government has been to make the right thing to do the easy thing to do. This principle must also be applied to the vision for town centres. Out-of-town developments and online retail represent a threat not because of the experience they offer, but rather the simple conundrum of convenience. Rebalancing these relationships in favour of town centres must appreciate and address this issue. As the report by Audit Wales highlights, the Welsh Government's 'town-centre-first' policy is not yet fully embedded.

⁷ <https://www.fsb.org.uk/resource-report/building-business.html>

THE VISION FOR OUR TOWNS

A business case for town centres

To some, the decline of town centres simply represents the result of a preference by people to use out-of-town developments or online retail. It is important therefore that decision-makers articulate the benefits of having a prosperous town centre. It is also salient that people feel aware and engaged with the direction of travel for their own town centre, to allow them to feel a greater sense of belonging to it.

Town centres are a locality's epicentre of character and history, as well as serving as places to live, work and enjoy. However, successful town centres also make economic sense. FSB Wales envisages town centres where secure and good employment opportunities exist in abundance, where wealth is kept within the community and small, grounded businesses can grow and prosper.

There is clearly a long way to go to realising this ambition, but with collaborate efforts of innovating thinking that places small businesses at the heart of activity, sharing of exemplar cases and walking the talk effectively, it is a vision that can be achieved. There is an economic, social and environmental imperative to do so.

The FSB Wales vision for town centres can be characterised by:

- A vibrant small and independent retail offer
- High streets for a digital age
- Spaces that people feel safe in and enjoy
- Resilience and activity throughout the day and year
- Sustained levels of increased footfall
- Unique cultural and creative footprints

Celebrating diversity

While there may be no one blueprint for success, there are clear sentiments from people and small businesses alike that help to form a vibrant, inclusive and prosperous vision for our towns. That vision must be grounded in the future economic, social and environmental context, guided by the aspiration of bustling streets and ultimately the creation of spaces that people want to be in and would be proud of.

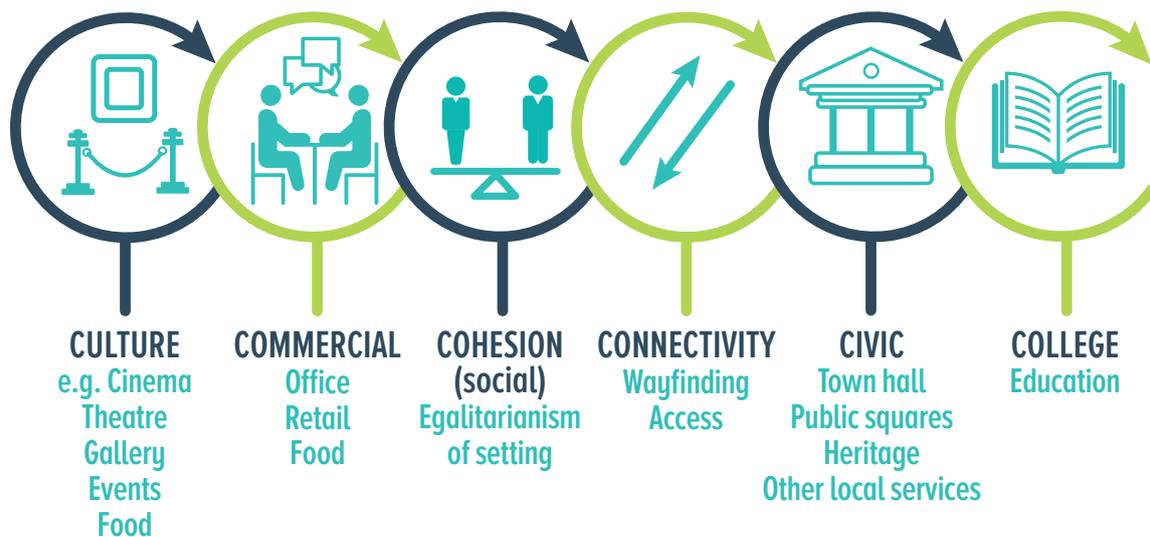
People and small businesses are passionate about their town centres, and our research has demonstrated some key areas that can help to focus efforts.

“Reduction in business rates would help a lot. More greenery to make the environment more attractive and keep people in town longer. More business engagement with littering issues, particularly where it comes from their own premises. More events in the town centre to bring people in.”

“More banks to reopen branches. Cleaner, tidier streets to encourage people out. More trees, seats, outdoor cafe seating and flower beds. More encouragement for individual, quirky, unusual shops creating and selling stuff that outshines the bland, impersonal online experience.”

Town centres and high streets can be beacons of character and creativity, of civic life and cohesion in a way that is unmatched by out-of-town developments. The 6C's Framework, developed by The Means and adopted by FSB, is an approach that assesses the viability of towns from six different perspectives and can be applied regardless of size.

This ensures due regard is given to the diversity of uses that create successful places, including cultural as well as commercial purposes, civic and educational facilities or functions, transport infrastructure, and the creation of social cohesion. Each place has its own unique mix of each of these, and understanding the relative importance of each to a particular location is important in understanding where interventions may be required.



Town centres are able to excel when they recognise and take advantage of their uniqueness. Our research – both through interviews with businesses and public polling – highlights the value of taking a tailored approach to assess the character and natural or historical qualities that are specific to that area.

Taking this strategic and holistic view of a town centre that exists within a wider local setting can help ensure that cross-sector rewards can be achieved. Denbighshire County Council has sought to identify its key assets, as well as its biggest issues and areas of focus for Rhyl Town Centre⁸. For example, the Local Authority notes that “The Beach is one of Rhyl’s biggest assets...Miles of golden sandy beaches and shimmering sky; the vast open space and sea front still stand.” In this context, a critical area of focus was identified: “The wide tarmac of the parade and a piecemeal string of leisure attractions along the waterfront bisect the town centre and its beach.” Ultimately, the County Council has been able to recognise the need to reconnect the beach and the town centre, understanding that this will be central the future success of the town centre.

Recommendation: In developing strategy documents for town centres, decision-makers should seek to identify and list the biggest assets to the area, and how they can be used to improve the viability of these spaces. Following the ‘6Cs Framework’, efforts can be concentrated on identifying attractions and gaps in a way that assesses economic and social functions.

Recommendation: People and small businesses must feel heard. Efforts to improve town centres by decision-makers should engage with all relevant stakeholders from the outset. Any vision for the area must also be communicated effectively.

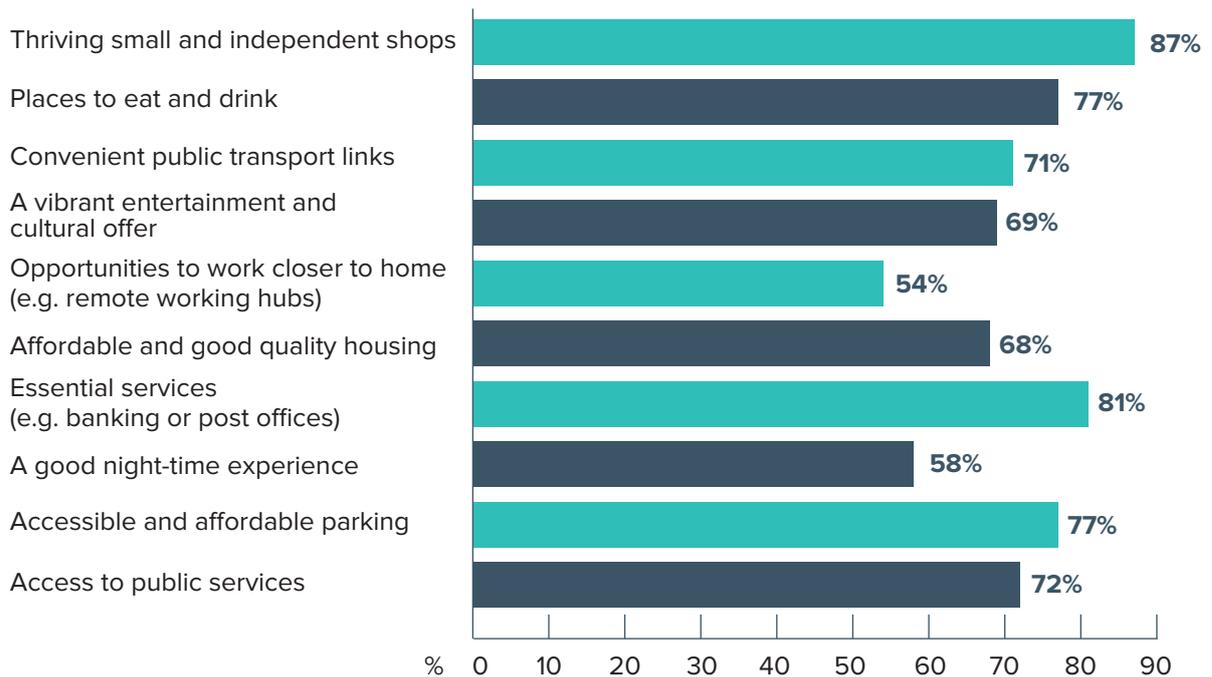
⁸ <https://www.denbighshire.gov.uk/en/community-and-living/regeneration/rhyl/vision/key-areas-of-focus.aspx>

Multi-purpose spaces

In line with diversity, the key asset of town centres, in contrast to out-of-town developments, stems from the multi-functional purposes they serve, and the diverse array of interactions that take place within them. Effort has been directed at the revival of town centres because of this, not in spite of it.

Our research highlights that people expect their town centres to continue performing commercial, collaborative and civic functions in the future.

TABLE 4: Thinking about your local town centre or high street, how important are the below to you?



Positive sentiments are expressed across all areas of activity, with access to thriving small and independent shops identified as representing the most important priority for respondents.

Remote working

Interestingly, opportunities to work closer to home rank lowest among the priorities. This illustrates a possible disconnect between the policy objective of coworking hubs pursued by the Welsh Government, and the enthusiasm from people across Wales. Indeed, this may also be down to a general lack of awareness around how such arrangements will work in practice and their advantages to towns.

The Welsh Government is encouraging an increase in remote working⁹ and has set a long-term ambition for 30% of the Welsh workforce to work away from a traditional office environment, to be achieved by giving people more options and choice on their workplace. This ambition is intended to help town centres, reduce congestion and cut carbon emissions.

TownSq, in partnership with Denbighshire County Council through the European Regional Development Fund, revamped a former Rhyl pub site¹⁰ to offer individuals the chance to work in a coworking hub, for free. These schemes could be integrated into efforts to help draw people into the town centre, but our research has highlighted that people remain unconvinced by the benefits these coworking spaces offer.

FSB Wales' interviews with businesses have confirmed this concern: that there is a lack of awareness around how coworking hub arrangements may work in practice.

⁹ <https://gov.wales/remote-working-locations-confirmed-across-wales>

¹⁰ <https://www.business-live.co.uk/economic-development/revamped-former-rhyl-pub-site-20772053>

Recommendation: The Welsh Government should initiate a communications campaign, targeted both at the public generally and relevant small businesses specifically, to outline the envisioned arrangements and benefits of coworking arrangements.

Leadership

Interviews with businesses have demonstrated the influence that clear leadership, or lack thereof, can have on the success of town centres. Only 13% of public respondents indicated that they felt that their town centre had been supported well by decision-makers, compared to a substantial 46% who do not.

Nonetheless, there are some positive examples of local leadership that have inspired innovative improvements.

Ymlaen Llanelli ¹¹ – Llanelli’s Business Improvement District – was repeatedly highlighted in the public engagement as being determined to build a more vibrant town centre, through regularly holding free events, including annual festivals to community street parties and open-air cinemas to help reconnect local people with their town centre and increase footfall. In addition to the events, Ymlaen Llanelli create and invest in initiatives that improve access and enhance the town centre experience, including a number of free parking days, installation of hanging flower baskets and working with Dyfed Powys Police to alleviate some of the issues in the centre.

“The BID (Business Improvement District) in my area has been instrumental in driving support, help and guidance through a clear multi-agency framework which they lead on and continues to lead on the area and its businesses recovery.”

Small businesses recognise their own leadership roles in helping achieve improved town centre spaces. The willingness of businesses in Wales to support their town centres has been evidenced through the growing number of Business Improvement Districts in which businesses are freely voting to impose an annual levy on themselves to fund improvements to the centre.

Recommendation: Local Authorities should act as coordinators in identifying positive examples of Business Improvement Districts, and disseminating these ways of working among existing or prospective BIDs. Analysis should be undertaken to understand how the activity of BIDs can effectively complement Local Authority provision in a way that maximises town centre viability.

Recommendation: City and Growth Deals must make an active effort to involve, prioritise and consider town centres – and the interconnectedness of these spaces – through their activities to strengthen their regions.

Recommendation: Revitalising our town centres will require a cross-sector effort. FSB Wales recognises its own role in helping to guide small businesses in town centres to be more collaborative, innovative and sustainable. This will be an area of focus for FSB Wales’ engagement in striving to help achieve our vision for Welsh towns. In some instances, public sentiments have passionately and heavily emphasised the role of anti-social behaviour in creating an off-putting environment which ultimately holds the town centre back.

“Curb anti-social behaviour with greater enforcement and visible presence. Properly clean the towns...Keep towns tidy, clean and safe and customers will come back.”

It is clear that some Welsh towns will not thrive until this problem is addressed.

Recommendation: Local Authorities should coordinate discussions – including with community and business groups, the police and other key stakeholders – to identify trends of anti-social behaviour, and outline a cross-cutting strategy and action plan for prevention, monitoring and enforcement to ensure that people feel safe and welcome in their town centre.

Recommendation: Local Authorities should develop robust and effective engagement structures to ensure that the voices of small businesses are heard.

¹¹ Ymlaen Llanelli | About

Measuring success

There can be no one single blueprint for success. More useful, however, is the presence of key metrics to set objectives and measure progress. Given the presence of a complex and, at times, competing network of key actors with an interest in town centre improvements, a well-recognised and uniform approach to setting specific objectives and monitoring developments could prove useful in helping to develop collegiate relationships, under shared objectives. As well as 'core metrics', there could also be a menu of different measurements that could be adapted to any specific themes at the foreground of their town's development.

In light of the low levels of satisfaction by the public in the actions of decision-makers to support improvements in their town centre, this approach will also help to build confidence and instil trust in the direction of travel, while introducing clear accountability to the public and small businesses alike.

To determine and deliver an adequate response, better and more unified management is required; one that is better informed through data, and from the active participation of a broader group of stakeholders.

These measures could include monitoring:

- Levels of footfall throughout the day and week
- Numbers of empty buildings in the town centre
- Public and small business attitudes towards the state of the town centre on a scheduled basis, over a sustained period

Recommendation: Key partners – including the Welsh Government, Local Authorities and BIDs – should outline measurable objectives and a set of clear metrics to monitor progress in the development of any town centre strategies. These objectives and metrics should be underpinned by cross-partner engagement and agreement to avoid competing or contradictory efforts.

Recommendation: A list of empty commercial properties should be regularly published and updated by Local Authorities. This should be complemented with initiatives to bring long-term empty commercial units back into use. Local authorities and community groups should be able to access funding to bring long term empty units into use, which may involve converting them into new uses.

Recommendation: The Welsh Government should develop data and analytics sharing relationships with Local Authorities and key partners – and build their capacity to utilise this information – to gain a holistic understanding of the biggest challenges and opportunities that town centres face. They should also look to develop a range of other metrics that could be used and easily accessed by local leaders to complement individual towns' different policy objectives.

Recommendation: The Welsh Government, in consultation with small businesses and collaboration with other stakeholders, should coordinate a Town Centre Strategy outlining an overarching framework of priority areas of activity and an Action Plan with clear objectives.

Recommendation: Each Local Authority should develop a strategy for how to bolster the economically active populations of high streets, considering immediate surrounding residential areas, as well as local offices, services and other concentrations of economically active populations. This work must also be underpinned by thorough engagement and set clear objectives.

Towns fit for the digital age

Online retail, and digital dependence, is an undeniable and irreversible presence in twenty-first century Wales. Its consequences for town centres have been hugely challenging, but this must represent an impetus to innovate and modernise – not to give up on these spaces, or physical retail.

A digital eco-system for towns could help reconnect residents and visitors with town centre spaces, including events and small businesses, while helping to develop effective streams of data – valuable to small businesses and Local Authorities to identify vulnerabilities, outline solutions, as well as monitoring progress.

While digital technologies can allow businesses to reach new markets, they can also help firms become more innovative, productive and efficient – such as service sector industries using online booking platforms to become more productive.

VZTA Destination Management Software – Victoria Mann

VZTA is a unique ecosystem platform launching in the autumn that will create micro economies for smart digital towns. VZTA has been brought to fruition by NearMeNow; experts in Digital High Streets and Smart Town Ecosystems in collaboration with a small army of stakeholders from across the Welsh Private and Public Sector. The platform takes a radical and holistic approach to mainstreaming digital infrastructure with and for small businesses.

The VZTA approach has ensured that the needs of small independent businesses are met; a bottom-up approach to a top-down problem. The current approach sees small independent businesses shoehorn their efforts into existing tech solutions which are often built by overseas platform firms, allowing them to hollow value out of all localities by controlling intermediation between producer and consumer.

VZTA supports the digital transformation of towns and enables them to work collaboratively to set a new standing in the digital age. A fully functioning community commerce platform will enable businesses to advertise products and services in real time, filling the gaps and meeting the needs of the community and creating an ecosystem of fully digital, fully searchable high streets across Wales. Alongside the town retail offer, the ecosystem will support tourism, arts and culture, town trails and food & drink and will enable people to engage with their towns on both a virtual and physical basis; using technology to restore a sense of community; leaving no town behind.

Recommendation: Business Wales should create Digital Towns teams which offer expert, intensive and place-based enterprise support for the independent sector. These teams would be collaborative and include expertise from the public, private and third sectors to improve the digital capabilities of independent traders.

Recommendation: Local Authorities should commit to developing effective data-collection and monitoring infrastructure, used to inform on the efficacy of innovative interventions by decision-makers and small businesses themselves.

Recommendation: Decision-makers should take a ‘No Town Left Behind’ approach to the digital transformation of town centres.

Recommendation: The Welsh Government should develop and implement a plan to improve the interaction between town centre businesses and their online presences – to drive e-commerce, footfall and tourism for the area – through a collaborative digital platform which is easily accessible to residents and visitors.

Business rates

Business rates can seem almost impenetrable for some small businesses to understand. The resentment surrounding the taxation is often borne out of frustration, a lack of understanding, and its dissociation from any real profit made by the business. It often serves as a disincentive to new businesses.

The suggestion that business rates are a mechanism to protect town centres and high streets from undesirable types of businesses – to the detriment of all ratepaying businesses – is insulting and fundamentally misjudges the scale of the unrepentant challenges that small businesses have faced over recent years.

“Small and independent businesses that are already existing on high street or town centre must be supported further to remain afloat by reduced rates for another year...because the footfall has reduced and the costs of energy and other stocks are being increased. With additional funding, the small independent business would be able to keep up with their bills and would be able to continue to trade.”

Recommendation: The Welsh Government should retain 100% rates relief for retail, hospitality and tourism businesses 2022 – 23.

However, the decision-makers must also walk the talk when it comes to acting innovatively to tackle the scourge of empty units and tilting the balance in favour of town centres. Business rates reform must be central to these efforts. A series of sticking-plaster solutions to structural issues are not sufficient.

Audit Wales noted that “Non-domestic rates have not been reviewed in recent years, and the levels charged do not reflect the current rents being achieved in many town centres” and recommended “that the Welsh Government review Non-Domestic Rates to ensure the system better reflects town centre conditions when the payments holiday ends in March 2022.”

The Foundational Economy Research report also argued that the Welsh Government should “levy per hour charges or business rates on every marked, publicly available car parking space in edge of town retail parks to create a significant fund for the support of in town social infrastructure” and lobby the UK Government “...for designating town centres as renewal zones with a suite of tax concessions including zero business rates and no VAT on building refurbishment to divert activity and reduce costs for developments that contribute to the Future Wales vision”. FSB Wales would be supportive of innovative thinking along these lines to support town centre prosperity, including Enterprise Zone-style powers to incentivise economic activity.

Crucially, business rates reflect an arbitrary and regressive system and is no longer fit for purpose. It hits smaller businesses disproportionately hard and before they’ve made a pound in turnover or profit. It is one of the major barriers to resolving some of the challenges we see on our high streets. Reform would provide reassurance for businesses on the high street and those organisations looking to move into our towns to take up the vacant space, which currently act as a blight on our high streets and dents the confidence of communities.

Reform to business rates should be underpinned by small business-friendly principles for taxation:

- Fairness – Does it treat businesses on an equal basis, and is it proportionate?
- Adequacy – Does the tax raise enough to be worthwhile and an appropriate mechanism to collect?
- Simplicity – Will it be clear and simple, and on what basis will the amount be decided?
- Transparency – Is it merely a revenue raising instrument for local authorities to plug gaps in funding or does it fit in a wider strategy? Will SMEs be able to track where the spend is going?
- Administrative ease – Will it be burdensome to collect or to pay?
- Neutrality – What is the aim of the tax and how does it fit within a wider strategy? Or is it punitive and on what basis?

The current form of business rates would fail to satisfy these principles.

Recommendation: The Welsh Government should urgently publish its review of the business rates system and outline proposals for substantive reform that works for small businesses.

Parking and transport habits

The simple reality is that people generally and small businesses alike favour affordable, accessible parking. Through FSB Wales' public and business engagement, the desire to see free parking was consistently, frequently and passionately raised. Accessible and affordable parking was ranked third on people's priorities for town centres, below only thriving small and independent shops, and essential services such as banking.

This area is also often cited as illustrating the imbalance between town centres and out-of-town developments, where parking is typically free and in abundance. "When I was on maternity leave with my son, we would spend 4 – 5 hrs at a time in town with friends spending money in cafes and shops. I don't do this with my daughter as there is nowhere free to park and I hate the machines where you have to guess how long you are going to be before you pay."

"Locals tend to visit often for short periods, parking charges are just off putting for us. I would visit much more if there was one-hour free parking. I don't have time to spend hours and justify cost of parking."

However, it is notable and unavoidable that equal passions against the prospect of free parking or any perceived commitment to continued reliance on private vehicles exists among some key decision-makers, particularly within the context of the Net Zero ambitions. Studies commissioned by the Welsh Government¹² point to a lack of evidence on the link between free parking and heightened levels of footfall. Balancing this consideration and, crucially, bridging the divide between the public and decision-makers underscores a theme that ought to be central to recovery efforts for our towns: people and small businesses – through their concerns, experiences and hopes – must feel engaged and understood. Decision-makers at all levels should embrace constructive challenge in the interests of small businesses and their communities.

The public and small businesses must be assured in the rationale for decision-making in the interests of town centres and high streets. Decisions around parking are no exception. Car parks being used merely as revenue-generating arrangements for general spending is not an adequate approach, against the backdrop of the scale of challenges that town centres and high streets face.

Recommendation: Relevant public authorities should commit to publishing the intake generated by car parking charges and dictate explicitly how such funds are being used to improve the area. Decision-makers must recognise the immediate and short-term challenges that town centres face. While a transition needs to occur, including the alignment of public transport provision within the context of town centre improvements, efforts to bolster footfall through car parking interventions – in reaction to the challenges caused and exacerbated by the pandemic – could serve to help rebalance the relationship with out-of-town spaces, and allow for longer-term solutions to be considered.

Recommendation: Through pilot schemes and footfall data, relevant authorities should assess how the consequences of car parking charges can be alleviated in order to attract more people into the area.

Recommendation: Local Authorities must make it easy for people to park by embracing new technologies, such as digital payments and accounts, while maintaining accessibility.

Recommendation: Local Authorities should trial schemes designed to encourage customers to shop in small businesses on their high streets by giving parking discounts to those which do.

Recommendation: The Welsh Government should consider how it may lobby for car parking in out-of-town developments to be addressed, including through business rates. Small businesses recognise their roles in helping achieve climate change targets, but often lack the tools or expertise to take the necessary steps along the sustainability journey.

¹² <https://gov.wales/sites/default/files/statistics-and-research/2018-12/150610-assessing-impact-car-parking-charges-town-centre-footfall-en.pdf>

FSB research¹³ highlights that, of those small businesses which have not yet taken steps on their transport habits, some of the key barriers are:

- Inefficient or unavailable public transport due to location (45%)
- Zero emission vehicles are currently too expensive (57%)
- Lack of infrastructure to support electric vehicles (43%)

Wales currently has one of the lower levels of electric vehicle ownership in the UK, and behind England and Scotland in terms of the number of chargers available¹⁴.

Within the context of town centre regeneration in a way to help guide the shift in transport habits, the challenge of electric vehicle charging infrastructure must be considered. This represents an area of untapped potential to simultaneously strengthen the viability of electric vehicles in Wales, while helping to direct footfall to town centre spaces. It is unfortunate therefore that the Welsh Government's Electric Vehicle Charging Strategy¹⁵ does not offer a vision to integrate charging provision within the context of addressing the town centre challenge.

Recommendation: Decision-makers should outline a cross-partner Action Plan for the rollout of Electric Vehicle charging infrastructure in town centre spaces, and support communications activity that presents town centres as areas of such provision.

Deposit return scheme

The Well-being of Future Generations legislation strives to embed joined-up thinking and cross-cutting solutions to the problems that we face. The prospect of the Deposit Return Scheme offers an opportunity to develop a smart solution: simultaneously attracting people into town centre spaces, while encouraging recycling and reducing litter in the area.

A Deposit Return Scheme is where individuals receive a payment when they return the container to a designated collection point. Strategic placement of these collection points could be used to attract individuals into the town centre.

Recommendation: Decision-makers at various levels should outline how a Deposit Return Scheme could be implemented in town centre spaces in a way that is also easy to implement for small businesses in the area.

¹³ <https://www.fsb.org.uk/resource-report/accelerating-progress.html>

¹⁴ Department for Transport (11 August 2020). Electric vehicle charging device statistics July 2020

¹⁵ <https://gov.wales/sites/default/files/publications/2021-03/electric-vehicle-charging-strategy-wales.pdf>

CONCLUSION

FSB Wales' vision for our town centres is aligned with what people want to see in these spaces: a vibrant future for small retail businesses, the ability to feel safe and enjoy throughout the day and year, and a strong sense of character across the many functions that it serves. In short, our vision for town centres is ensuring that they are fit for the twenty-first century. Revitalising towns is about evolving these spaces in a way that works for the values and priorities of people and small businesses.

Decision-makers can be in no doubt around the bleak state of many of our town centres, nor the scale of the challenges that need to be overcome. Revitalising our town centres will be an uphill struggle. There is no one single policy or one single actor that will revive our town centres. However, this report outlines some key pathways to improving the conditions of these spaces for small businesses and, in doing so, strengthening and future-proofing their appeal. The enthusiasm for our town centres is undeniable. This energy must be focused in addressing the key challenges for these spaces. Crucially, this must be done collaboratively.

Wales has a long way to go to achieving this vision. Only 3% of people believing their town centre to be 'thriving' is a sobering reality of the state of these spaces. This must be a wake-up-call for us all to deliver for the communities and small businesses of Wales. Fortunately, the interest and passion that individuals have for their town centres could not be overstated. The objective of vibrant, modern and resilient town centres is the product of economic, social and environmental imperative.

Each of us – from an individual-level to the business community and decision-makers – have a role to play in achieving this vision. Indeed, it takes a town.

APPENDIX – METHODOLOGY

FSB Wales sought to understand the views of people throughout Wales – gathering the insights, perspectives and priorities through a public survey of 335 respondents, across each local authority area.

The survey explored:

- How the public would describe their local town centre or high street.
- How the COVID-19 pandemic has affected their use of their town centre.
- How the COVID-19 pandemic has affected their use of online shopping.
- The importance of:
 - Thriving small and independent shops
 - Places to eat and drink
 - Convenient public transport links
 - A vibrant entertainment and cultural offer
 - Opportunities to work closer to home (e.g. remote working hubs)
 - Affordable and good quality housing
 - Essential services (e.g. banking or post offices)
 - A good night-time experience
 - Accessible and affordable parking
 - Access to public services
- How satisfied they are in the recent actions of decision-makers to support their town centre.
- Their impression of how local businesses have been supported throughout the COVID-19 pandemic.

The survey also invited respondents to submit their own comments on their observations or priorities on what actions could be taken to help support their town centre or high street.

The development of this work inspired lively debate – with Councillors, Members of the Senedd and Members of Parliament from across the political spectrum sharing FSB’s work, and constituents expressing their experiences and ideas to help revitalise.

This public engagement was supplemented by FSB Wales interviews with town centre hospitality, retail, training, legal and automotive businesses across Wales. These interviews were used to gain insights into the experiences and priorities of small business owners in these spaces, and used to reflect the voice of small businesses in this report.

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