



# LEADING THE RECOVERY: GETTING HIGH STREETS AND TOWN CENTRES BACK ON TRACK

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INNER CIRCLE CONSULTING

So much is changing in our towns and cities. The impacts of Covid-19 merely accelerated a structural change that was already underway. And retail is at the forefront of dramatic change. Experts estimate we are at least 25% oversupplied in retail floorspace in the UK. Other commentators suggest it's far more than that. Nearly forty chain stores a day closed for good in 2020 and 2021 may well be worse. Large chunks of value and confidence have been lost by investors. Revenue is down as rents have stalled. However, this retail decline has been bubbling, tangibly, in the system for nearly a decade. Most observers and participants just weren't reading the signs, or didn't want to.

There is a new perspective and understanding of how to help our vitally important social and commercial centres evolve and grow faster, do more for us, and truly thrive. Civic stakeholders are unique in their ability, as permanent urban guardians for the public good, to position themselves and their towns and cities for the best advantage for long term sustainable prosperity. Commerce and the private sector needs civic help now like never before. But, this shouldn't just be a traditional 'market failure' response that leads to unequal partnerships, power asymmetries, and the perpetuation of local authorities trading in social value and private sector trading in cashable returns. That well-worn road leads to discontent at best and at worst, private sector asset stripping rather than jointly creating and sharing prosperity locally.

Local authorities, operating in an uncharted post pandemic landscape, may just have an enviable 'once in a generation' opportunity to

align economic, social, civic and commercial stars in a way never before imagined. A route to a fairer, more balanced, sustainable future might be there to grasp. **At Inner Circle, we believe that only public sector operators have the experience, legitimacy, authority, and tools to make it work.**

**Significant Levelling Up contributions from real estate are often, we find, hiding in plain sight.** No one is pointing fingers – market disruption on this scale is unprecedented. But the reward for those stepping up to the challenge of transformation with the right tools and the right mindset will be the heroes of the Levelling Up generation.

## Back to the future with local markets

Markets are back as the new catalyst for city centre regeneration. Markets used to be the heart of a place – towns formed because of them. We took the idea, put it in a box called a supermarket and put in a suburb. Out of town retail parks followed and in-town stores found it hard to compete. In response, we built in-town malls to accommodate larger shops but kept the older smaller shops too. Soon, long term resilience issues for urban centres began to germinate and backslide, beginning in the 1980s. However, the internet means retailers now have two routes to market. The impact on urban real estate is evolving and strategic agility is needed to navigate its current turbulence. Where there is change there is without doubt opportunity. Longer term stakeholders are uniquely placed to benefit.



## 02 BRICKS & MORTAR ARE DEAD. LONG LIVE BRICKS & MORTAR!

Real estate has always been the most prominent anchor in urban centres. It is where things happen, where service is delivered, and where important interactions take place. Real estate plays a core part in everyday lives – often influencing vital outcomes and determining improvements or decreases in quality of life. Retail influences decisions, which become preferences, habits, behaviours, identity – and ultimately culture. It shapes economic and social functionality. It is an essential *enabler* for positive activity – for growth, for prosperity and for opportunity.

Real estate touches almost every civic function in some way. Crucially important to all Councils, it offers unique opportunities to realise value from social returns on investment, over and above financial returns, that commercial operators cannot access.

The *local tools* the public sector can utilise to add calculable real estate value beyond any private sector operator are considerable and diverse - Planning; Highways; Welfare; Climate policy; Community support; Education; Jobs and Skills; Digital Strategy; Covenant support; Grant fundraiser; risk sharer; responsible partner.

The trick is simple - gluing these together within a real estate strategy that is consistent, credible, agile, measurable – and appropriately resourced. Its way too important for local authorities to ignore and far too valuable to overlook.



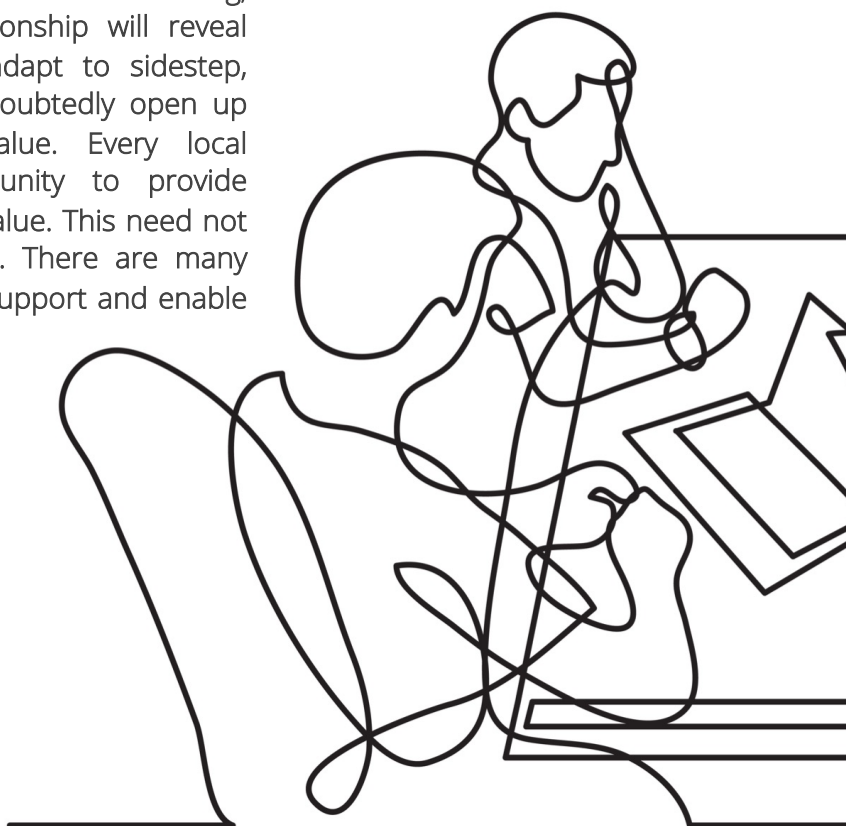
## 03 KNOW YOUR CUSTOMER (OR 'KYC' TO FINANCIERS)

Environmental, social, and governance, usually referred to as ESG, is the number one topic among active investors right now. Within a few short years, what was considered an investment peripheral is fast becoming an investor essential. It has disseminated from the highest levels - from sovereign wealth funds to traditional institutions and it's now heading into private equity. Ignoring this agenda will become a barrier to loans for the debt sector and ultimately it will negatively impact values for those unprepared. An ESG-centric approach to real estate strategy is valuable and essential for local authorities - but it takes time and careful thought to implement well. Moreover, the wise investor can quickly recognise where would-be partners are engaging in misplaced greenwashing.

The route to knowing how to deliver better and faster in urban centres starts with a good working knowledge of the private sector stakeholders and their circumstances. A strong, collaborative, working relationship will reveal how civic strategy might adapt to sidestep, exploit or assist. It will undoubtedly open up opportunity to release value. Every local authority has the opportunity to provide platforms to release more value. This need not involve hard to find capital. There are many other ways authorities can support and enable value creation.

"We've been awake to the impact of retail trends for years, but not everyone is keyed into the long-term. In March 2001, there was a minute from my company's board that suggested that the internet sensation would probably be over by the autumn. To put this in context, the .co.uk domain is 37 years old this year."

"Levelling Up and the circumstances from which it arose have placed Local authorities in a strong position to leverage added legitimate advantage from the private sector drive for ESG."  
- Pete Cooper, ICC Technical Director



## 04 ASK THE RIGHT QUESTIONS

**At Inner Circle, we start from First Principles (and sometimes difficult truths) to get to the heart of your knotty problems.** Knowing what to ask and how to position your team is vital to getting more from your assets. Consider:

- Do you have a full grasp of, and ability to leverage, the inbuilt civic advantage you possess?
- Do you have the right people?
- Are they supported by an agile governance and finance team who can and will innovate, analyse and solve problems fast whilst maintaining risk control?
- Will your team be able to find new income streams, understand the wider value of their opportunities and actively pursue them?
- Are you leveraging more from existing estates? – growing and releasing capital to work harder, not simply spending it.
- Are you investing using local authority advantage? – helping growth, repositioning your own capital, investing time and effort into investor relations?
- Is your real estate strategy aligned to our wider delivery ambitions?
- How well placed is your capital to support, exploit and deliver major projects in the next decade? What advantage are you exploiting now before the private sector gains the knowledge you currently have?
- Do you have a team connected by common accountabilities and knowledge, a single disciplined approach to delivery glued together by a common thread - an 'enabling' real estate strategy?
- Are you operating your real estate via invisible silos?
- Do you know the full extent of what you own? What it's worth? What it might be worth? What alternatives might look like? Do your in house experts have accountability across all the areas where real estate is involved?
- Does your decision making process as a Council help or hinder the real estate sector currently ?
- Are you using tools to encourage the private sector? For example, creating compelling realistic investable propositions, investor toolkits, active performance analysis, active engagement? Is it working?
- Do you need a plan to get to a plan? For example, meanwhile uses, restructured accountability, new skillsets which can deliver across wider accountabilities through real estate management?
- And then there's data – do you actually have it and if you have, is it useful and how do you make sense of it? Who uses it , for what advantage? How much does it cost? What is missing that would be valuable?

Finally, we believe **people are the answer.** This means **actively managing assets and places in a way which breaks down traditional thinking to allow in the techniques and engagement needed to understand and exploit tomorrows opportunities.** It means **breaking down silo thinking and empowering teams within the right structures to operate with impressive agility and deliver.**

There may be some tough decisions but the cost of not taking those decision could be catastrophic for our towns and could mean the difference between cutting services or having the vital cash to invest in them.

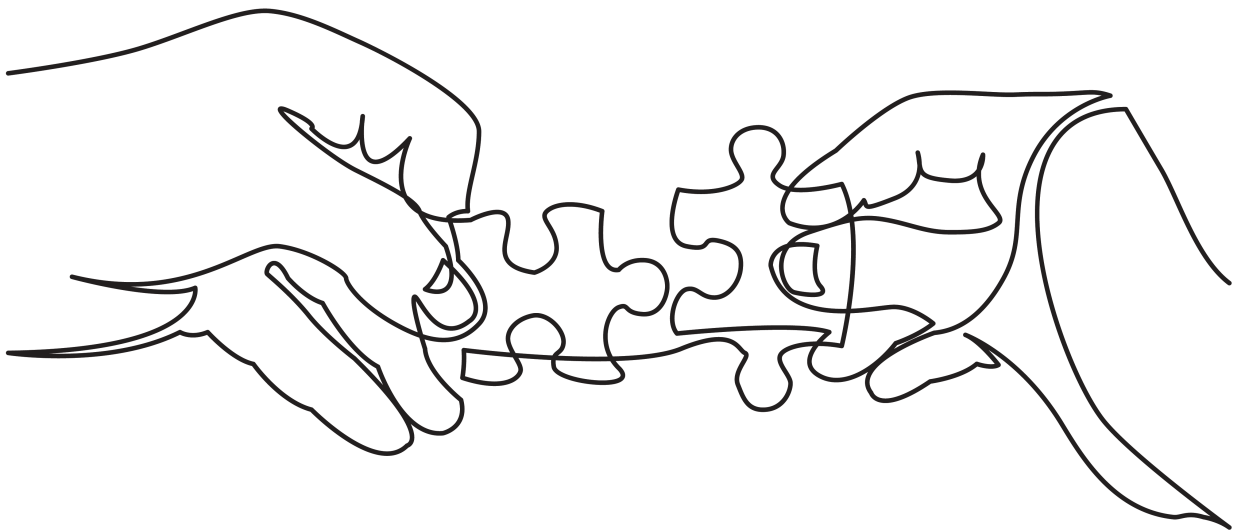


## 05 A TEN-POINT PLAN OF ACTION

The Levelling Up programme has committed millions of pounds to bring about change. Much of this will be spent in, on, or around real estate. Some will benefit, some may not., but progress will be made. The key C-suite question must be - is your approach, your portfolio, your people, your strategies, in the best shape to leverage the most?

We've developed a ten-point checklist to help you decide.

1. Civic interventions don't have to involve capital. They do involve having the right conditions and resource in place to elevate and exploit them. Capital may come in handy with the more sophisticated moves but money is scarce so use it wisely.
2. Local authorities have a set of advantage cards only they can play in the real estate arena if they have a join-up approach. This is where value lies waiting to be released.
3. The wider size of the prize for authorities makes real estate focus in the widest sense a priority.
4. On the ground agility is a key delivery need, supported by strong governance and the ability to create and adapt.
5. Smart engagement with the private sector is essential to success. Governance, people and consistency are critical.
6. Now is the time to engage – you're there forever, others are under pressure and will move on.
7. Maintaining design, management and user agility is a key component of resilience. All three need to work together, from the very start, always.
8. Environmental, social and governance (ESG) are words we will be using in everything we do for the next decade until they become the norm. Start building this into your systems.
9. The evolution of our urban centres must be focused around what they do FOR people – not to them.
10. Asking better questions will reveal that you probably already know the right answers.





## 06 BID CASE STUDY / INNOVATION IN LEEDS

Leeds BID is showing the way forward on how towns and cities can collaborate and innovative. The work is hard but the benefits are long-lasting. The opportunity: long term recovery and resilience within your high street or city centre.

In Leeds, like many UK cities, the BID have had the challenge of co-ordinating street teams, applying for the Welcome Back Fund and grants, getting to grips with these new scenarios and building resilience and confidence in the city centre. Leeds BID took a progressive view and gave over office space in conjunction with a local shopping centre to meet the immediate need and response to lockdown. Now, they're building on this spirit of collaboration for the future: creating a 'hub' concept in the city centre for front line operational street teams and the police to work together in ways previously not seen. The BID and the local authority are pooling resources and finances and leveraging grants (ARG/Welcome Back Fund) to put in place long term solutions to assist the recovery of the city centre.

Amid fears that partner wallets would fold up, Leeds experience has shown that collaboration led to a more supportive partnership environment. the forthcoming 'Leeds Jurassic Trail', a family friendly, city centre activity in the summer, is testimony of the willingness of this – backing rhetoric with action and finance. In these two examples, the BID has been well-placed to lead and bring people together. The critical learning? **Building capacity in your own place is critical to your long-term recovery – it cannot wait for someone else to do it.**

A strong vision for a place needs to be created, that is relevant and not able to be transposed to fit into another place – it must

have tangible and realistic outcomes based on evidence. Playing to your place strengths is key but do not create an 'indentikit' high street, which has been the problem in the past. Lead and innovate, encouraging the environment to come together and be truly collaborative, leaving the old ways at the door.



## 06 MILLIGAN CASE STUDY / VICARAGE LANE IN ASHFORD

Milligan are appointed by Ashford Borough Council to deliver their ambitious town centre regeneration plan, the scheme, which includes the former Mecca bingo hall in the Lower High Street, is a **proposed mixed-use development, aiming to deliver quality homes, cultural and performance space, food and drink outlets and workspace to complement the market town's history and heritage.** The council's proposals include the part demolition of the rear of the former bingo hall to reveal an uninterrupted view to the iconic Grade I-listed St Mary's Church, while retaining the high street frontage of the building to create a multi-use indoor event space.

Ashford Borough Council took occupation of the former Mecca bingo hall in September 2018. The building, which had previously housed an Odeon cinema, occupies a prominent position in the town centre and includes an adjacent car park off Vicarage

Lane. A public consultation helped shape the vision for the site and led to emerging proposals developed by Milligan, which included:

- the part demolition of the main bingo hall to reveal the view to the iconic Grade I-listed St Mary's Church,
- retention of the Lower High Street frontage with the creation of a multi-use indoor event space seating 120 people,
- the creation of a pleasant pedestrian route through the site and a new public square and event space,
- c60 new homes and residential parking,
- employment uses with associated car parking,
- opportunities for shops, restaurants and cafes.



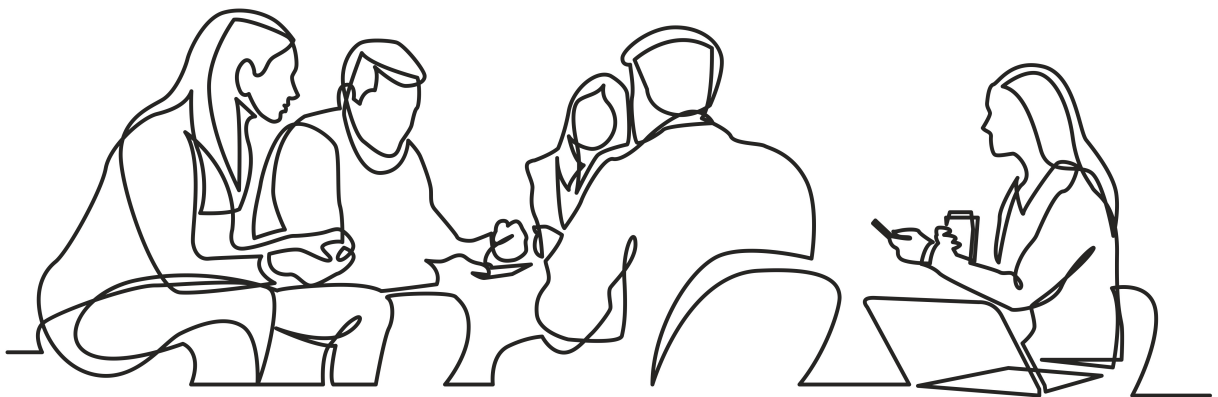


# ABOUT INNER CIRCLE

We believe that the best solutions are yet to be discovered and the best outcomes yet to be delivered. We approach each project by marrying strategy and delivery so that the long-term focus is maintained whilst we make progress on delivery. We divide our work into two main areas:

**STRATEGY:** Ambitious visions need a strategy to achieve success. We work from First Principles to tackle the heart of the problem and set out with a clear plan to guide governance, outputs, and approvals

**DELIVERY:** Clear focus on the objectives keeps delivery on track. We believe that the best delivery is one that has site of required approvals and key stakeholders so everyone is brought along the journey.



# AWARDS

## PLANNING AWARDS 2021 SHORTLIST

Planning Permission of  
the Year w/ HGH, Patel  
Taylor, and Notting Hill  
Genesis

## PLANNING AWARDS 2021 WINNER

Planning Consultancy  
of the Year



Data and Innovation  
in the public sector



Rising Star:  
Andrew Mistry



Rising Star:  
Gyula Törzsök



Team Leader  
consultant of the year:  
Andy Starkie



Outstanding  
Achievement:  
Chris Twigg

## PLANNING AWARDS 2020 HIGHLY COMMENDED

Regeneration Award  
w/PRP Architects for  
Pydar development



Best New  
Consultancy  
of the Year



Winner  
Best Medium-sized  
Business



Team Leader  
Consultant of the  
year

## The PLANNING AWARDS 2019 *Celebrating excellence in planning and placemaking* WINNER

Planning  
Consultancy of the  
Year

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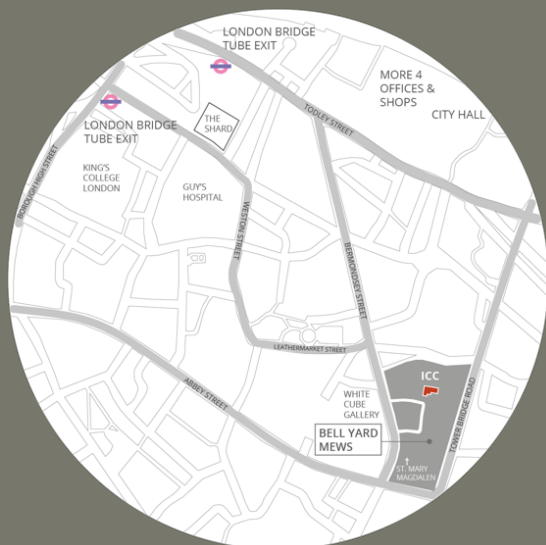
The EMD Cinema  
Best use of Arts,  
Culture or sport in  
placemaking

## The PLANNING AWARDS 2019 *Celebrating excellence in planning and placemaking* HIGHLY COMMENDED

Waltham Forest Town  
Hall redevelopment. Best  
Use of Publicly-owned  
land in placemaking

# THANK YOU

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