

To: The Scrutiny Committee

Date: 11 June 2015

Report of: The Local Economy Panel

Title of Report: Support for Businesses in the City Centre

Summary and Recommendations

Purpose of report: To present the recommendations of the Local Economy Panel.

Scrutiny Lead Member: Councillor James Fry

Recommendations of the Local Economy Panel to the Scrutiny Committee:

1. We recommend that the City Council:

- a) Ensures that information about appealing to the Valuation Office Agency is made available to local businesses. In particular, this information should be communicated to all independent traders who may be affected by the major redevelopments taking place in Oxford.
- b) Takes any opportunities to join with other local authorities to lobby the new Secretary of State for Communities and Local Government for more council controls over business rates.

2. We recommend that the City Council works with the County Council through the Town Team to agree on a single united channel of regular communications to businesses, such as about travel disruptions, supported by a single online source of information.

3. We recommend that the City Council develops a more corporate approach to communicating with businesses, including guidance for all departments whose work has an impact or involvement with businesses. This could take the form of defining a central point of contact within the City Council, which can identify the appropriate unit to respond on specific issues, including the County Council as appropriate.

4. We recommend that the City Council works with partners through the Town Team to reinforce the coordinated overall marketing and publicity campaign for Oxford in ways that cover all major potential audiences.

5. We recommend that the City Council develops a one stop shop function for events. This exercise should include a review of the costs and processes associated with aspects such as permission for road closures, stall licences and permits for distributing leaflets.

6. We recommend that the City Council produces a simple analysis of the costs and benefits of pop up shops to landlords and the City Council.

7. We recommend that the City Council takes a lead in establishing and facilitating a city centre commercial property landlord forum. This would be intended to bring together the owners of commercial properties, including the City Council, to ensure that there is a coordinated approach towards issues affecting the city centre, such as the minimisation of the time during which premises are empty. The forum could be chaired by the Leader of the Council and linked to the work of the Town Team.

8. We recommend that the City Council leads on the development of a long term strategy for the city centre as a whole. This should include a commitment to developing and supporting vibrant and distinct city quarters away from prime sites, in locations such as Gloucester Green, Jericho/Observatory Quarter, Market Street, Broad Street and a possible arts quarter around the Ashmolean Museum.

9. We recommend that dedicated officer time is allocated to the development and delivery of this city centre strategy. This could be funded wholly or in part via a BID and by additional business rates income that the role will generate, via reduced voids in commercial properties.

10. We recommend that the City Council's next Asset Strategy (2016-2020) builds upon the aim (not always presently achieved) of utilising City Council assets in ways that can provide wider strategic benefits to the city centre. The Asset Strategy could provide clear guidelines on the use of City Council-owned commercial premises to ensure the diversity and vitality of the city's wider retail offer.

Appendices

Appendix 1 – Scope of the Local Economy Review

Appendix 2 – Town Team responses to Local Economy Scrutiny Panel

Foreword from the Chair of the Local Economy Panel

The Panel was formed to examine the situation of small and medium enterprises, in particular, in and near the city centre during a time of major developments which will affect the trading environment while construction occurs. The Panel considered how the City Council could make the city centre even more attractive to the public and to local businesses.

We would like to thank Andrew Brown for the amount of work he put into his role as Secretary to the Group. The Panel is intended to complement the initiatives of the Town Team and would like to thank Laurie-Jane Taylor, the City Centre Manager and a lead member of the Oxford Town Team for the enthusiastic help that she has provided to the Panel during its deliberations.

Introduction

1. The Local Economy Panel is a cross-party working group established by Oxford City Council's Scrutiny Committee during the 2014/15 municipal year. Its membership comprises Councillors Fry (Chair), Benjamin, Darke, and Gotch.

Background

2. Oxford city centre is entering a critical time, with three years or more of major redevelopments taking place in key strategic locations, such as the Westgate Shopping Centre and Oxford Station, as well as numerous road works. City centres also have to respond to competition from out of town supermarkets and retail parks, as well as from other towns and cities.
3. A key ambition of Oxford City Council is to move beyond being a service delivery organisation to becoming a 'leader of place' through partnership working and collaboration. This means that the City Council wants to be widely recognised as being the leading authority and voice for Oxford.

Terms of reference

4. The Panel met four times from January to May 2015 to investigate the following lines of enquiry. These were agreed by the Panel at its first meeting in January and subsequently signed off by the Scrutiny Committee:
 1. *What can the City Council can do to mitigate disruption to the city centre economy while major developments are taking place? How can communications be improved for lasting benefit to residents and visitors?*
 2. *What scope does the City Council have to minimise the time shop units are left empty, and to improve the appearance of empty units?*
5. The city centre is broadly speaking the geographical area that covers the Holywell and Carfax wards, with the High Street, St Aldate's, Queen Street and Cornmarket being the major roads centred on Carfax. We chose to focus on the city centre on the basis that it is going through a significant period of change and is of interest to Oxford's economy as a whole. We recognise that there is also a role for the City Council in promoting district centres in Oxford, some of which also have issues with disruption from major new developments in the city and with empty shops, but these centres are outside the scope of this review.
6. The Panel also recognises that transport is a major issue for Oxford and its economy. However, given that we have limited scope to influence transport, which is largely a County Council function, we chose to focus on transport only to the extent that it relates to the first line of enquiry.

Methods of investigation

7. The findings of the Panel have been informed by verbal evidence provided by officers and witnesses at meetings, as well as by written submissions and desk research. The Panel has:
 - Met the Retail Group, a working groups of the Oxford Town Team,
 - Reviewed written submissions from members of the Oxford Town Team,
 - Held a discussion with two major city centre landlords,
 - Held discussions with council officers,
 - Reviewed briefing notes and responses to written questions provided by council officers.

Findings

Mitigating disruption and improving communications

How other local authorities have responded

8. The City Centre Manager made enquiries into what some other local authorities have done to mitigate the effects of major city centre developments. We were advised that no particular steps had been taken in the cities she had contacted and there definitely does not seem to be one single strategy that cities apply.

The City Council's approach

9. The City Council's response to the disruption and pressures facing the city centre economy is largely being delivered in partnership with key stakeholders through the work of the City Centre Manager (a post that is jointly funded with Oxfordshire County Council) and the Oxford Town Team.
10. The Oxford Town Team is a partnership of businesses and public sector organisations. It has a steering group which meets quarterly and six working groups with specific sets of objectives. These objectives include:
 - Producing a free map of the city centre featuring independent retailers and transport links,
 - Improving visitor journeys into and around the city centre,
 - Developing a late night information pack or mobile app,
 - Creating a city centre charter which includes a customer service standard that all businesses can sign up to,
 - Circulating a monthly newsletter to all businesses that provides a health check on the city centre economy, information about key events and an update on Oxford road works,
 - Encouraging businesses to identify ways in which they can take better advantage of events such as Alice's Day and the Christmas Lights Festival.
11. The Panel wholeheartedly supports the work of the City Centre Manager and the Oxford Town Team. We note in particular that there is significant scope to improve visitor journeys into and around Oxford. For example, visitors arriving from Heathrow airport often do so using buses that do not accept card payments,

and are dropped off at the central bus station in Gloucester Green, far from the taxi rank. We have asked that these issues be considered as part of the work on visitor journeys. The Panel welcomes the appointment of two City Centre Ambassadors, funded by the City Council, who are making the city centre more welcoming.

12. Different parts of the city centre are being showcased through the promotion of events such as Small Business Saturday and the Covered Market overspill into Market Street on certain days. The City Council is also focusing on building up the market at Gloucester Green. We strongly endorse these plans and would like to see a focus on these areas developed further as part of a long term strategy for the city centre (see recommendation 8).

Business rates

13. Business rates are governed by a national regime and rates payable are controlled by the Valuation Officer Agency (VOA). We note that the Westgate redevelopment has led to a drop in business rates income for the City Council because nearby traders are receiving a discount on their business rates from the VOA.
14. Some businesses based in different parts of the city away from the centre have reported that their footfall is down since the redevelopment of Westgate started. This would indicate that its impact on Oxford's economy is more widespread. However, the reduced revenue that these businesses are experiencing is not being mitigated by discounted business rates.
15. We suggest that the City Council ensures that information about the VOA appeals process is communicated to local businesses, particularly independent traders who might not otherwise be aware of it. This kind of information should also be made available online in a central place alongside other information relevant to Oxford businesses (see recommendation 2). We note that any discounts offered by the VOA will have a revenue impact on the City Council.
16. We would also like to see greater control over business rates devolved to local authorities as this would provide Councils with a useful new policy lever. We suggest that the City Council partners with other local authorities to lobby the new government for additional powers over business rates.

Recommendation 1 – We recommend that the City Council:

- a) Ensures that information about appealing to the Valuation Office Agency is made available to local businesses. In particular, this information should be communicated to all independent traders who may be affected by the major redevelopments taking place in Oxford.***
- b) Takes any opportunities to join with other local authorities to lobby the new Secretary of State for Communities and Local Government for more council controls over business rates.***

Business Improvement District (BID)

17. A BID is a business-led partnership in a defined area that funds additional resources or services beyond those provided by the local authority, doing so

through a 1-2% levy on business rates. These partnerships can agree to fund things like marketing or public realm improvements, and businesses that would be required to pay the levy vote in a ballot to determine whether the scheme goes ahead.

18. A partnership of city centre businesses attempted to create a BID in 2008 around the start of the last recession. However, it narrowly missed out on achieving a majority in the ballot.
19. We heard at a meeting of the Town Team Retailing Group that plans for a BID in Oxford city centre are once again being progressed. A business plan will be developed over the next 6 months, with a view to holding a ballot within a year. All retailers in the city centre will be included in the development of these plans, even those that wouldn't be affected by the levy. The Panel is strongly supportive of a city centre BID. We note concern that retailers will be asked to pay a levy at a time when footfall is down. However, we believe that these concerns are outweighed by the wider benefits on offer, which are particularly needed during a phase of major redevelopment.

Improving Communications

20. Members of the Oxford Town Team were asked to contribute ideas relating to the Panel's first line of enquiry. A number of their responses focused on the need for closer working between public sector organisations to deliver better and more joined up communications to both businesses and visitors. The responses are including in full in appendix 2 and summarised below:
 - The message that Oxford is still open for business during major developments is one of the key communications that needs to be sent out, both from the perspective of businesses and as part of Experience Oxfordshire and the visitor economy perspective.
 - There should be an identifiable person and phone number that concerned businesses can contact for more information about disruptions and what the impact might be on their business.
 - It needs to be explained in advance to visitors what disruption is going to take place and why. Park and Ride bus stops could be used as mini information centres, and later used to showcase the different areas in the centre of Oxford.
 - The City and County Councils should work together to decide what the united channel of communication should be and stand behind it. This could make use of existing channels such as 'Transforming Oxford', 'Oxfordshire Travel Choices' or the Town Team newsletter.
 - With super-connected broadband across the city, it would be good to have a central online source of information on a whole range of things. The City, County and Experience Oxfordshire (and other stakeholders that are trying to improve the visitor experience) should get together to agree a single web address. This should be promoted widely with a very high profile campaign.
 - Lots of emails are received from the City Council's Events Team. These should be rationalised or circulated only to those who actively subscribe to them.

21. The Panel strongly supports the development of a single united and proactive channel of regular communications to businesses about issues such as travel disruptions, preferably giving advance notice of forthcoming disruptions, supported by a central online resource.

Recommendation 2 – We recommend that the City Council works with the County Council through the Town Team to agree on a single united channel of regular communications to businesses, such as about travel disruptions, supported by a single online source of information.

22. We heard that a number of different council services currently have some level of contact with businesses. However, in many cases, this contact is relatively infrequent and council officers are not necessarily close to business or empathetic to its needs.

23. We suggest that a more corporate approach should be taken to improve the quality and consistency of council communications to businesses and build stronger relationships, particularly with independent businesses. This approach could include the issuance of guidance to officers, and the identification of a lead officer for businesses within the City Council who can coordinate responses on a range of different issues.

Recommendation 3 – We recommend that the City Council develops a more corporate approach to communicating with businesses, including guidance for all departments whose work has an impact or involvement with businesses. This could take the form of defining a central point of contact within the City Council, which can identify the appropriate unit to respond on specific issues, including the County Council as appropriate.

24. Town Team members identified the need for a more concerted overall marketing campaign for Oxford. This should involve a more co-ordinated rolling programme of publicity that reaches all the different audience groups in the city, such as residents, businesses, visitors and students.

Recommendation 4 – We recommend that the City Council works with partners through the Town Team to reinforce the coordinated overall marketing and publicity campaign for Oxford in ways that cover all major potential audiences.

25. We note that it can be difficult for businesses and others to navigate the process of applying to hold events in Oxford. The Council's events team and licensing team are both involved, and applicants are required to go through separate processes to obtain permissions for things like road closures, stall licences and leaflet distribution. The Panel would like to see the City Council making this process easier as this would help to encourage and support events. We suggest that one stop shop function should be developed in order to provide applicants with a single council interface when planning events.

Recommendation 5 – We recommend that the City Council develops a one stop shop function for events. This exercise should include a review of the

costs and processes associated with aspects such as permission for road closures, stall licences and permits for distributing leaflets.

Parking incentives

26. The Panel investigated the possibility of offering discounted parking incentives at off-peak times to encourage shoppers into Oxford. We found that no cost benefit analysis has been undertaken on this option. However, the limited availability of parking and the complexity of the tariff structure mean that changing tariff rates on a short term basis is difficult to do. Retailers have previously been given the opportunity to offer discounted parking to their customers. This scheme was widely publicised but despite some interest, no businesses took up this facility.
27. We also found that the closure of the Westgate car park had not had a significant impact on visitor numbers. The provision of the alternative car park at Oxpens together with increased use of park and rides mean that usage levels are broadly in line with last year's results.
28. The Panel considered the option of offering discounted parking at park and ride sites, as this would have the benefit of keeping any additional traffic out of the city centre. We were concerned that parking discounts could be tricky to implement at park and rides and might encourage shoppers from nearby towns to drive rather than use buses. We are not making a specific recommendation at this stage but this issue may warrant further consideration in the coming municipal year.

Minimising the time for which shop units are left empty, and improving their appearance

The extent and impacts of empty premises

29. A City Council survey in January 2015 found that there were 20 empty shop units in the city centre. This equates to some 6% of the total 325 ground floor shop units.
30. The City Council is itself a major city centre landlord and now generates in excess of £10m per annum in commercial rents, which is equivalent to nearly half of the Council's net budget requirement. This income stream is affected when City Council-owned units are empty.
31. Empty units owned by other landlords have an impact on the City Council's business rates take. The standard business rate exemption period for empty units is 3 months but for listed buildings, which are numerous in Oxford, the exemption applies to the whole period that they are unoccupied. Units used for charitable purposes are subject to rates relief while occupied, which reduces the revenue impact of these being unoccupied. Empty units can also have wider effects on the city centre economy in terms of their visual impact on the street scene and their impact on footfall. We would like to see local authorities having more powers to vary business rate exemptions based on local circumstances (see recommendation 1b).

32. The closure of the Westgate Shopping Centre does seem to be having an effect on the number of empty units in the city centre. Further movement should be expected as the prime pitches gravitate towards the new Westgate Centre. This process is normal and is expected to settle down once the new Westgate Centre opens. Nevertheless, empty shop units in prime locations are relatively few in number and, from discussions with landlords, there tends to be a particular story behind each specific situation.

The City Council's approach

33. The City Council is extending its surveys of empty residential dwellings to include commercial properties. The Council's Empty Property Officer has also contacted a number of owners and leaseholders of empty commercial properties and offered advice and assistance. We welcome this approach and note that the City Council has powers to tackle empty properties and improve the appearance of the street, which could be used as a last resort, such as Compulsory Purchase Orders.

Demand for retail space

34. Demand for retail units is currently greater than the supply of empty premises. Rent levels in prime locations are therefore high and were largely unaffected by the last recession. In this environment, landlords are able to take a relatively passive approach to empty units, knowing that asset values and rent levels they can charge will continue to rise. Rent levels in secondary locations drop off significantly compared to prime locations, but they are still relatively high compared to other cities.
35. Cities such as Bath have successfully developed thriving independent retail sectors, but this is lacking in Oxford. Smaller retailers need the right sort of space in which to develop their businesses but we found that there is no clear pathway for traders to progress from Gloucester Green to the Covered Market to secondary retail spaces. Currently, there is no spare capacity in the Covered Market and were told that the Market Manager is taking action to deter owners of shops from keeping them empty in the hope of profiting from rising values. We are also unaware of any mechanism or hub that matches seed capital to entrepreneurs, which could help to get new independent retailers off the ground.

Promoting pop-up shops

36. The Panel investigated what scope the City Council has to promote pop up shops to provide small traders with opportunities while also making use of empty units between tenancies. Pop up shops can potentially provide benefits to landlords, shoppers and traders, and generate additional business rates revenue for the City Council.
37. The City Council has recently started to explore the option of having pop up shops in its own empty premises. However, we could only find one space in Oxford advertised online as a location for pop-up retail, in Golden Cross. This compares with four spaces Bath and seven in Royal Tunbridge Wells.
38. We heard from landlords that there are a number of barriers to pop up shops, including length of term, fit out costs, and EPOS and Wi-Fi connections, which

can take 2-3 weeks to set up before a pop up shop is able to operate. We also recognise that suitable locations are very important to the success of pop-up shops, and that they should complement the wider retail offer in any given location. However, pop-up shops can work really well where the conditions are right and targeted flexibility for particular usages could form part of a wider long term strategy for the city centre (see recommendation 8).

39. We would like to have a better understanding of the costs of pop-up shops to landlords. We suggest that a simple analysis is done on the costs and benefits of pop-up shops to landlords and the City Council. This may help in promoting the benefits of pop-up shops to landlords at forum meetings (see recommendation 7).

Recommendation 6 – We recommend that the City Council produces a simple analysis of the costs and benefits of pop up shops to landlords and the City Council.

Virtual windows

40. The Panel also looked into the option and costs of virtual windows to improve the appearance of empty units, which can look neglected and thus deter customers from visiting nearby shops. Virtual windows can be a viable and attractive option for improving the city centre street scene in interesting and innovative ways. This option could be promoted to landlords of empty units in prime locations as an alternative to pop-up shops.

Working with landlords

41. We are unaware of any formal commercial property landlord forum in Oxford. This would provide a mechanism for landlords and public bodies to discuss issues affecting the city centre economy, such as empty premises.
42. From discussions with landlords, the City Council has the profile and presence to facilitate a commercial property landlord forum and lead in establishing a strategic direction for the city centre. This forum would enable the City Council and landlords to share information and intelligence (including when units are becoming empty), and to discuss and negotiate on issues affecting the city centre as a whole. The residential landlord forum may be a suitable model for this forum but we suggest that it should be chaired by the Leader of the Council, whose executive remit includes corporate strategy and economic development. This would be consistent with the City Council's ambition to be the leading authority and voice for Oxford. We also suggest that City Councillors should be able to observe meetings of the forum.
43. The City Council, University of Oxford and Oxford University Colleges are some of the main owners of city centre property and should be included in the membership of the forum.

Recommendation 7 – We recommend that the City Council takes a lead in establishing and facilitating a city centre commercial property landlord forum. This would be intended to bring together the owners of commercial properties, including the City Council, to ensure that there is a coordinated approach towards issues affecting the city centre, such as the minimisation

of the time during which premises are empty. The forum could be chaired by the Leader of the Council and linked to the work of the Town Team.

Shaping a strategic direction for the city centre economy

44. Given that the prime retail locations are the most economically resilient, the strategic focus should be on areas where there are opportunities to shape the development of different offers located near to, but not on, the main shopping streets. These 'quarters' could be based around Gloucester Green, Jericho/Observatory, Market Street, Broad Street, and around the Ashmolean Museum. There may also be a case for having other quarters further out from the city centre, in areas such as Cowley Road and Summertown.
45. A strategy for the city centre should consider the total environment of the city centre, as well as the health of the retail sector. We note for example that there is a shortage of office space within the city centre and that the number of jobs located in the city centre has actually reduced slightly over recent years. The strategy should seek to address these kinds of issues over the longer term.

Recommendation 8 – We recommend that the City Council leads on the development of a long term strategy for the city centre as a whole. This should include a commitment to developing and supporting vibrant and distinct city quarters away from prime sites, in locations such as Gloucester Green, Jericho/Observatory Quarter, Market Street, Broad Street and a possible arts quarter around the Ashmolean Museum.

46. We note that Cheltenham Borough Council created a partnership arrangement to look strategically at the re-use and development of sites around Cheltenham town centre. This function was branded as Cheltenham Development Task Force and supported by one or more dedicated members of staff.
47. The development of a long term strategy for Oxford city centre would need to be similarly supported by a dedicated resource, rather being an add-on to an existing role. This resource could actively broker ideas between different stakeholders and move the strategic agenda forward more quickly. It could become wholly or partly self-funded through additional business rates income from reduced voids in commercial properties, or by a BID if businesses support this.

Recommendation 9 – We recommend that dedicated officer time is allocated to the development and delivery of the city centre strategy. This could be funded wholly or in part via a BID and by additional business rates income that the role will generate, via reduced voids in commercial properties.

48. Given that the City Council is a major city centre landlord, it has scope to use its own assets in ways that support its longer term strategic aims for the city centre. In some cases this has already happened but in other instances the City Council has instead opted to maximise its commercial property income. This approach may involve foregoing short term income in favour of wider long term benefits to

the city centre economy. We would like to see this ambition articulated in the City Council's Asset Strategy for 2016-2020.

Recommendation 10 – We recommend that the City Council's next Asset Strategy (2016-2020) builds upon the aim (not always presently achieved) of utilising City Council assets in ways that can provide wider strategic benefits to the city centre. The Asset Strategy could provide clear guidelines on the use of City Council-owned commercial premises to ensure the diversity and vitality of the city's wider retail offer.

Further consideration

49. We recommend that the Scrutiny Committee continues to prioritise a Local Economy Panel in the 2015/16 municipal year. A number of important issues have been raised that warrant continuity of consideration over the coming months. This panel could monitor and build on the recommendations above and seek to inform the city centre strategy and the development of city quarters, if this approach is supported by the City Executive Board. The Panel may also wish to consider the business case for a BID in Oxford city centre.

Acknowledgments

50. The Panel would like to thank all those who have provided evidence to inform the findings of this review. We appreciate the willingness to co-operate we have received from the below named:

- a) Laurie-Jane Taylor (City Centre Manager)
- b) Michael Crofton-Briggs (Head of City Development)
- c) Michael Scott (Senior Asset Manager)
- d) Julia Castle (Senior Lettings and Disposals Surveyor)
- e) Mel Mutch (Empty Property Officer)
- f) Jason Munro (Parking and Shopmobility Officer)
- g) Ann Harvey-Lynch (Revenues Manager)
- h) Gary Lloyd (University of Oxford)

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