

MEETING BETWEEN MINISTER FOR LOCAL GOVERNMENT & HOUSING and BOOTS UK	
TIMING	Wednesday 1 March. 3pm to 3.45pm T3.22. Scottish Parliament
ATTENDEES	<p> [REDACTED] Public Policy Manager, Boots [REDACTED] Healthcare Development Manager, Boots [REDACTED] Policy Director, Pagoda Porter Novelli </p> <p> Official Support [REDACTED] Regeneration Strategy Team Leader Tel: [REDACTED] Blackberry: [REDACTED] </p>
AGENDA	<ol style="list-style-type: none"> 1. Boots in Scotland overview 2. Cost of operating and managing the pace of change 3. Town Centre Action Plan 4. Role of business supporting national outcomes 5. Driving the quality and transparency of Business Improvement Districts 6. Any other business – opportunity to ask Boots to consider signing up to the Town Centre First Principle.
YOUR MAIN OBJECTIVE	<p>Retailer Boots UK invited the Minister to meet to discuss a range of issues related to town centre regeneration and the retail environment in Scotland. Boots maintains a key interest in town centre regeneration, working in collaboration with the Scottish Retail Consortium and by investing in towns and cities across Scotland by maintaining a town centre presence. Boots' role in town centre regeneration supports the key commitments made in the Town Centre Action Plan to support 'enterprising communities' and 'vibrant local economies'. Boots has been involved in supporting and developing town and city centre partnerships and Business Improvement Districts since their inception.</p> <p>We welcome Boots UK's contribution to town centre regeneration in Scotland. The meeting presents an opportunity to reinforce the Scottish Government's commitment to retail's role within the town centre agenda, with particular emphasis on Town Centre First Principle, Town Centre Action Plan and Business Rates/ Review.</p> <p><u>There is an opportunity to ask Boots if they wish to sign up to the Town Centre First Principle</u>, being the first retailer in Scotland to do so. Officials raised this with Boots some time ago and they agreed to consider this but timing was not right given a new Chief Executive had taken over. Boots will want to know what this means for them and their business in considering further. If they are open to discuss this you should encourage a further discussion with Regeneration officials on this point.</p>

**PRACTICAL
ARRANGEMENTS**

The Minister will be met by [REDACTED] Boots Public Policy Manager who will be waiting at the front of the store. Andy's mobile number is [REDACTED]

ITEM 2	Cost of Operating and Managing The Pace of Change
ISSUE/ BACKGROUND	<p><u>Boots UK has provided the following briefing:</u></p> <p>The retail sector is changing at a faster pace than ever before. Many of the challenges faced by retailers are in response to the changing structure of the market as it evolves from a traditional bricks and mortar offering to a more flexible model of customer service.</p> <p>However at a time of such profound transformation the higher costs prompted by changes in government policy and operating models are impacting on vitality and growth. Retail is Scotland's largest private sector employer and has a crucial role in supporting town centre economies by being the principal driver of footfall into our high streets.</p>
WHAT THE STAKEHOLDER MAY SAY/ASK	<p>Many of the challenges facing the sector can only be addressed in partnership with government. There is an urgent need for Scottish Ministers to engage with industry to develop a comprehensive retail strategy, pulling together the disparate policy strands currently in place, which provides a blueprint for how legislation affecting the sector is to be managed in years to come.</p> <p>Specifically we need a clear road-map setting out the intended regulatory and tax changes that are likely to impact on the industry over the decade ahead.</p>
KEY MESSAGE(S)	<p>The Scottish Government recognises the value of a successful and vibrant retail sector in Scotland and we continue to do whatever we can to support the sector. We appreciate that a close partnership between the sector, Government and its other agencies is key to delivering sustainable growth.</p> <p>We recognise that the retail sector in Scotland is transforming in response to, among other things, changes to shopping habits and through new technology. The proportion of retail businesses in the UK (with 10 or more employees) making e-commerce sales has increased from 25.8% in 2009 to 39.8% in 2015 and this trend is likely to continue.</p> <p>Ministers and officials regularly engage with the Scottish Retail Consortium and other key stakeholders in the retail sector to discuss policy priorities and to better understand the challenges and opportunities that transformational change in the sector will present. (Keith Brown attended the Scottish Retail Consortium Board meeting on 30 November 2016 and [REDACTED] from Boots was in attendance).</p>

	The idea of a retail strategy has been raised by other stakeholders. We are listening to what retailers are telling us and senior officials met with the Scottish Retail Consortium in January to explore whether this is possible. The Scottish Retail Consortium were asked to provide more detailed proposals and these are currently being considered.
CONTACT POINT	██████████: Tel: ██████████

ITEM 3	Town Centre Action Plan
ISSUE/ BACKGROUND	<p><u>Boots UK has provided the following briefing:</u></p> <p>Retail has a crucial role among town centre businesses and is the principal driver of footfall into high streets and we welcome the commitment to town centre development and recognition of the importance of the role of leisure, housing, health and education to local vitality and Boots is keen to support Government priorities with regards to town centre.</p>
WHAT THE STAKEHOLDER MAY SAY/ASK	There is a need for the Scottish Government to work with the wider retail industry to nurture the sector and help fulfil its potential.
KEY MESSAGE(S)	<p>The Scottish Government will continue to work closely with the retail sector to maximise its potential in relation to the town centre agenda. Scotland's Town Centre First Principle agreed with COSLA, together with the range of measures in the Town Centre Action Plan (TCAP), set the conditions and underpin activity designed to tackle key issues such as empty shops, diversify town centre offer and thereby attract a range of businesses and services to locate there.</p> <p>The TCAP makes clear the important contribution that businesses make to town centres. The role for retail is complementary to that of the other sectors, working in partnership with the wider town centre community.</p>
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ITEM 3	Business Rates Review
ISSUE/ BACKGROUND	<p><u>Boots UK has provided the following briefing:</u></p> <p>An unreformed business rates system is negatively impacting on town centre vitality and contributing to high vacancy rates and low levels of investment.</p>
WHAT THE STAKEHOLDER MAY SAY/ASK	<p>The Barclay review of business rates, launched earlier this year and due to report to Ministers in July 2017, presents an opportunity to minimise barriers to investment and ensure tax policy is responsive to economic conditions. The existing system discourages consumer facing businesses investing in physical space. We need a model that is responsive to the economic environment and revitalizes our public centres.</p> <p>Boots' priorities for this review include more frequent valuations, removing the smallest businesses from the system, removing indexation of rates, creating a rate regime that supports town centre vitality and capping the rate multiplier.</p>
KEY MESSAGE(S)	<p>The review of business rates will explore ideas and options to improve the system in Scotland to better support business growth that (i) considers how the system can respond to wider economic conditions and changing marketplaces; (ii) supports long-term growth and investment; and (iii) are based on overall revenue neutrality and on maintaining the overall level of funding for local government.</p> <p>Scottish announcements on the review will be made in due course. SG previously committed draft values will be available "as far in advance of the 2017 revaluation as possible".</p> <p>We encourage businesses to invest in town centres by delivering the most competitive business tax environment in the UK, with two in five properties in Scotland paying zero or reduced rates under the Scottish Government's Small Business Bonus Scheme (SBBS) and relief also available under Fresh Start. We will expand the SBBS from 2017, raising the relief threshold so that it lifts 100,000 properties out of rates.</p>
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ITEM 5	Business Improvement Districts
ISSUE/ BACKGROUND	<p><u>Boots UK has provided the following briefing:</u></p> <p>Boots recognise that a collaborative approach and partnership development can have a positive impact on our high streets and that is why we have been involved in supporting and developing town and city centre partnerships and Business Improvement Districts (BIDs) since their inception.</p>
WHAT THE STAKEHOLDER MAY SAY/ASK	<p>While we recognise that many BIDs add value, we are seeking greater assurance about but their effectiveness, governance and transparency so they maintain private sector support for them as vehicles of local growth</p>
KEY MESSAGE(S)	<p>There are presently 36 operational BIDs in Scotland, with a further 23 in development. Of those operational, 30 are 'traditional' town or city centre BIDs.</p> <p>Current BID legislation does not mandate any single governance model; this provides the BID model with the needed flexibility to be used in areas out with their normal town centre confines.</p> <p>The Scottish Government has contracted Business Improvement Districts Scotland to develop and support BIDs in Scotland. As part of this, they provide guidance on proper governance and accountability for BIDs. This contract ends in September 2017, early next year we will advertise for tenders for a revised two year BID development and support contract.</p> <p>As part of the retendering process a survey of BIDs has recently been completed. The review consisted of analysis of BIDs Scotland monitoring information as well as interviews with individual BIDs on what operational challenges they've faced and their experiences of working with BIDs Scotland. The review's findings were published on 20 December 2016.</p> <p>One of the report's findings was that some BIDs expressed a desire for greater guidance from BIDs Scotland regarding standard processes, such as establishing management structures. The new BIDs development contract will include specific requirements for the successful candidate organisation to provide more detailed information on items such as governance models, with a greater emphasis on the need for transparency.</p>
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ITEM 6	Apprenticeship Levy
ISSUE/ BACKGROUND	<p><u>Boots UK has provided the following briefing:</u></p> <p>While it is for Scottish Ministers to decide how Scotland's share of the levy is allocated we hope that the Scottish system is mindful of the contribution large employers already make to skills and training and that the levy works in a complementary way to existing practice.</p> <p>Those employers which pay the levy should be the ones to directly benefit from it. The levy should also be targeted at developing and strengthening skills required by industry.</p>
KEY MESSAGE(S)	<p><i>The Minister may find it useful to outline the key elements of Scottish Government's response to the UK Government Apprenticeship Levy:</i></p> <ul style="list-style-type: none"> • The UK Government announced in November that the Scottish Government would receive £221m next year as a result of the levy • What that announcement didn't make clear is that there is not £221m of additional money coming to Scotland through the Apprenticeship Levy. <p><i>There is not £221m of additional money coming to Scotland through the Apprenticeship Levy:</i></p> <ul style="list-style-type: none"> • While the Apprenticeship Levy will be a new tax on employers, its proceeds will largely be replacing existing apprenticeship funding in England of which Scotland will receive a proportionate share. • This is a new way of the UK Government raising funds direct from business, a policy they announced in 2015 without consultation with the Scottish Government or employers. We estimate that the cost to the public sector in Scotland will be around £73 million p.a. • We have already set out plans to deliver on our ambitious commitment to supporting 30,000 Modern Apprenticeships starts by 2020. That plan has the support of industry who have also backed our plans to expand Foundation and Graduate Level apprenticeships. <p><i>In direct response to the views of employers in Scotland, and reflecting on the Apprenticeship Levy consultation responses we received, the Scottish Government will deliver a range of interventions that further support skills, training and employment in Scotland. In particular we will:</i></p> <ul style="list-style-type: none"> • continue to expand the number of Modern Apprenticeship opportunities as part of our planned growth to 30,000 new starts each year by 2020 alongside an increase in the number of Graduate Level and Foundation Apprenticeships during 2017/18; • support measures to tackle structural unemployment issues and challenge inequalities and under-representation in the labour market by supporting people who face barriers to education, training or employment, in partnership with employers, local authorities and the third sector;

	<ul style="list-style-type: none">• continue with the implementation of the Youth Employment Strategy: 'Developing the Young Workforce' specifically including the development of the network of Developing the Young Workforce Regional Groups and the delivery of employment-focused college provision for young people; and• respond to the immediate skills needs of employers, through:<ul style="list-style-type: none">- the establishment of a new Flexible Workforce Development Fund; and- on-going and sector-specific skills support for priority sectors in the economy such as digital, care and early years. <p>Nonetheless all of the funds raised through the Apprenticeship Levy will be invested by Scottish Government in skills, training and workforce development to meet the needs to employers, the workforce, young people and Scotland's economy.</p> <p>The Scottish Government response to the UK Apprenticeship Levy can be viewed at: https://consult.scotland.gov.uk/employability-and-training/apprenticeship-levy/results/scottish-government-response-to-the-uk-government-apprenticeship-levy----.pdf</p>
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ADDITIONAL BACKGROUND INFORMATION**AGENDA ITEM 3****TOWN CENTRE FIRST PRINCIPLE**

- The Town Centre First Principle was agreed with COSLA leaders in July 2014. This was a main ask of the review group and marks a significant shift in public policy towards town centres. The Principle is about adopting an approach to decisions that consider the vibrancy of town centres as a starting point. It is a call on central government, local authorities, communities and the wider public sector to put town centres and local high streets at the heart of the decision-making process. The principle recognises that town centre locations are not always a suitable location, but asks that the rationale for locating elsewhere is evidenced and transparent.
- We are encouraged by the approach taken by our local authorities and wider public bodies to the principle since its inception. Town centres are being prioritised in public investment decisions leading to positive change.
- We know that local authorities and public bodies are applying the principle in their decision making. East Ayrshire Council has taken a town centre first approach to the regeneration of Kilmarnock by ensuring local services and housing are available within the town centre. Aberdeenshire Council has now embedded the principle into strategic decision making across the council. It will be incorporated into all relevant council strategies, operational plans and strategic area plans. Fife Council is also using the principle to support investment decisions in Lochgelly.

AGENDA ITEM 3**TOWN CENTRE ACTION PLAN****Top Line**

- We recognise that town centres can be a central component of successful local economies, offer a base for small business and jobs, offer space for community and civic functions, give a town its identity and offer a sense of place for those who want to live in, work in and visit it.

Background

- The Scottish Government published the Town Centre Action Plan (TCAP) in November 2013 in response to the National Review of Town Centres report.
- The TCAP sets out a raft of cross-government responses to the review group recommendations, taking ownership of what we as a Government can do to set the right conditions for town centre regeneration. The TCAP also calls on the wider public, private and community sectors to take action to help make town centres vibrant once more.

- The TCAP is helping to stimulate a wide range of activity in our town centres. We have made good progress in each of the actions by working across policy areas within government and with partners externally. The 'TCAP – Two Years On' report was published in February 2016. The report is a second snapshot of progress towards delivering against the six themes in the TCAP.

We have supported the delivery of the plan by:

- Implementing the Town Centre First Principle that considers town centres first as part of public sector investment decisions;
- A budget of over £3 million from our Regeneration budget to date to support projects under the demonstration phase;
- The £1.7m Town Centre Communities Capital Fund. This fund is supporting 20 community organisations delivering capital projects that are making real and lasting improvements to town centres across Scotland;
- Delivering £6.75m for town centre housing delivering affordable housing in town centres across Scotland. We are building on the learning from this test approach to enable more housing to be delivered in town centres;
- £300,000 funding in 2016/17 for the Charrette Programme to encourage communities to shape their town centres and neighbourhoods and;
- The Regeneration Capital Grant Fund supports a range of local and transformative regeneration projects including a number of projects located in town centres.

AGENDA ITEM 5

BUSINESS IMPROVEMENT DISTRICTS

Top Line:

Business Improvement Districts (BIDs) are an internationally proven method of facilitating and energising community-led regeneration. While BIDs traditionally focus on town centres, in Scotland the model is being deployed across a wide variety of sectors, including tourism, food and drink, and canals.

Key Points

Assist growth: BIDs have the potential to boost business productivity by, for example, reducing local business costs by involving businesses in joint procurement of goods and services, leveraging in more trade through better marketing and promotion, improving local access and transport services and improving the local environment. In short, they assist the growth of local economy in each BID area; they contribute to Scotland's economic growth; they contribute to the wider regeneration aspirations of the BID area.

Lines to Take

- The Scottish Government is committed to supporting community-led regeneration by supporting local businesses to take responsibility for the economic, social and environmental action that will make a difference within their communities. The BIDs model is designed to empower local people to take charge of their own regeneration needs and enable them to improve their communities.
- The Scottish Government supports the BIDs model as it enables local businesses to take the lead and vote on whether to pay a levy to deliver projects they have agreed with local partners will help regenerate the local area.
- The Scottish Government offers grant funding of up to £20,000 to organisations to help them develop their BID proposals to the ballot stage.