

*BRITISH BROADCASTING CORPORATION*

*RADIO 4*

*TRANSCRIPT OF "FILE ON 4" - "URBAN REGENERATION"*

*CURRENT AFFAIRS GROUP*

*TRANSMISSION: Tuesday 8 July 2008 2000 - 2040*

*REPEAT: Sunday 13 July 2008 1700 - 1740*

*REPORTER: Allan Urry*

*PRODUCER: Ian Muir-Cochrane*

*EDITOR: David Ross*

*PROGRAMME NUMBER: 08VQ4268LH0*

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#### ACTUALITY ON BUILDING SITE

URRY: For more than a decade builders have been hard at work in Britain's towns and cities, constructing new shopping centres and swish apartment blocks, buoyed up by the retail boom and soaring property prices. So much so, it's become central to the Government's urban regeneration strategy. But what happens now there's a downturn?

BURGESS: We end up with this very ambitious scheme now which is going to cost £160 million and it's all on a knife edge at the moment as to whether it goes ahead or not.

URRY: Developers say they can no longer afford to build flagship shopping centres, which form the centrepiece of city renaissance plans. Their local authority partners are left high and dry. Meanwhile, our investigation reveals shoppers aren't shopping and stores are closing.

GILBERTSON: We reckon at the moment, across the country, probably somewhere on average 10% or 12% of most high streets are vacant. And inevitably what that does, because there are not that many people as retailers wanting to take vacant space at the moment, for the high streets particularly it means the lights are going out.

## SIGNATURE TUNE

### ACTUALITY OF CHILDREN'S SWIMMING LESSON

TEACHER: Up to me please, face down in the water, one arm, then the other arm. Off you go.

URRY: There's a brand new £17 million sports centre for Dumfries in South West Scotland. It's only been open six weeks and it's the first step in ambitious plans to regenerate this pleasant, but rather down at heel market town.

MENGHAM: We've got a nice new swimming pool, you can raise and lower the floor depending on what sort of people you've got learning. We've got a multi-purpose hall with a gym, café bar, all the things that you expect to find in a top of the range regional leisure centre.

TEACHER: What we're going to do, we're going to give you numbers, so listen for your number. One, two, one, two, one, two ...

MENGHAM: We, like everybody else, have got a lot of catching up to do, but I do think we've got fantastic assets. You can see the sun glittering off the water there, fantastic urban experience, just the way it should be.

### ACTUALITY OF WATERFALL

URRY: Down by the river Nith, there's a bigger challenge - a run down area called Whitesands, which the council's regeneration officer, Jon Mengham, is trying to redevelop for shopping and leisure.

MENGHAM: This is the heart of the redevelopment area.

URRY: This looks like one of the tattiest bits then. Is that asbestos up there that those walls are made out of on this building?

MENGHAM: Oh yes, that's asbestos cement. It probably is one of the worst buildings on this site, but there's a number of buildings that are not anything to write home about.

URRY: What's this ... as well?

MENGHAM: That's an old church. It hasn't been used for many years, apart from the pigeons like it quite a bit.

URRY: The plan is, is it, to take it up the hill to join up with the main high street up on top?

MENGHAM: Whoever develops the site will obviously want to make their own choices and use their own expertise, as is right and good. But crudely speaking, we would like to see a new thoroughfare built from the high street down the hill, down here and connect with the Whitesands and all that implies.

URRY: It's actually quite a pleasant spot here, isn't it, right down by the river? It would be attractive for people to come down.

MENGHAM: This whole area by the river is one of the sort of undiscovered possibilities where, when we go shopping, we don't just do shopping. We go and sit around in cafes and things, perhaps have a meal out. All of this is the new way. And towns all over the country, particularly towns of this sort of size, are grappling with how to represent themselves and remodel themselves in a way that meets what the public want. And if you can't do that, you're not in business.

URRY: But suddenly, Dumfries is not in business any more. It's become a victim of the economic downturn. The council had already secured a well respected name in property development, Centros, as its partner, and plans were moving ahead to bring big department stores to Whitesands in a £50 million scheme. Like many

URRY cont: other urban regeneration projects of this kind, it's the developer who has to find the money to build it, and then generate income from rents charged for retail space. But in April it was announced that Centros weren't going to proceed. Chief Executive Richard Wise says in the current climate, they simply couldn't make money out of it.

WISE: There is always a ceiling of affordability from a retail point of view, as to how hard you can push and forecast the rents going forward, and we took what we thought was a realistic approach and said in a very open and honest way to the council, 'Look, we would very much like to do this, you have got a great little town, the scheme will work one day, but right now, in today's market, the way the costs are rising and the values are falling, we just can't find the viability.' There's nothing wrong with Dumfries and we stood back from progressing the scheme simply because the numbers were starting to look very very stressed.

URRY: With development stalled, Dumfries and Galloway Council will struggle to attract more people to the town. And fewer shoppers mean less chance of making money for businesses on the high street, a further setback for regeneration. The council's chair of planning, Roger Grant, is trying to put a brave face on it.

GRANT: I am very confident that Dumfries has a great future. We have loads of space for building here. It's a great place to live. We're building new schools, there's a new technology college.

URRY: All the more important really then to get your town centre sorted out?

GRANT: Absolutely, but I think it is a bit of a chicken and egg situation. Unless we have the mass or the base number of people here to support that type of development, we can't go ahead with it.

URRY: Centros's decision, nevertheless, must have been disappointing for you?

GRANT: Extremely disappointing, yes. We are not going to get hung up on this. There are other developers already banging at the door and interested in our, particularly the riverside locations.

URRY: Aren't they facing the same problem though, that if they build on that site they're not going to see the returns in the current climate that the original developer was so concerned about?

GRANT: I guess so, but we have got to look long term, and I think once the developers realise the potential here, there will be a great future.

URRY: But with no new shopping centre, it looks unlikely that Dumfries will be able to fulfil all that potential. And there's a further problem for the council. Developers Centros have already bought some of the land and properties within the Whitesands area.

WISE: We have said to Dumfries Council on a number of occasions that, you know, if they can find a way to bring forward a development, we would be very very willing to participate, whether it is just direct between Centros and the Council or whether it's introducing other parties. We're not just going to sit there and say, 'We own x, y, z pieces of property and therefore we're going to try and stifle development within the town.' That's not the game.

URRY: But it does leave them with a headache really, doesn't it?

WISE: Well, and us. We own various pieces of land there.

URRY: But you can afford to sit on that for a while.

WISE: We may well be able to afford to sit on that.

URRY: That leaves them with a bigger problem again, doesn't it, because there they are, wanting to develop that area. It could be years though, couldn't it, before that comes back into favour on your business plan?

WISE: I think it's unlikely to be within a year, yes, you're right. Whether it'll be three, four, five years I probably doubt – somewhere probably in the middle.

URRY: Dumfries isn't the only town where regeneration schemes have run into trouble. In recent months it's happened in Chester, Hatfield and Newport - all battling with finance or struggling to attract retail stores. As Richard Wise from Centros admits, times are tough.

WISE: You've got the much debated credit crunch. From our perspective it is having an impact, and it's having an impact in a number of different areas, because it does mean that debt is more difficult to obtain, more expensive. That means that developers and partnerships that are creating these schemes effectively have to put more of their own equity in. So funding broadly gets more difficult. It also means that, just in terms of impacting on mortgages people's cash in their pocket, it gets tighter. Consumer spending becomes perhaps more steady, if not lower. That impacts on retailers and retailers are having a tougher time, therefore values for retail property fall. And on top of all that you've got building cost inflation, which is savage at the moment.

URRY: How savage is it?

WISE: It is really increasing at a very significant rate. You've got the main metals, particularly steels, aluminium and glass, increasing at such a rate that some of the subcontractors, for example, that have been asked to tender for these projects are actually stepping back and not tendering because they are having such difficulty predicting where the raw material costs will go. Where you are talking about very large town or city centre regeneration projects that may have three, four, five year lead in periods, trying to forecast where the construction costs are going is mighty hard.

URRY: And if they are not tendering, does that in itself bring that project grinding to a halt?

WISE: Well, it doesn't help, does it, because without a building contractor, you are going to find it very difficult to actually procure some of these

WISE cont: big projects, so you come to a grinding stop. It's not just Dumfries, you know. There are towns and cities throughout the whole of the UK that have got schemes that have been either delayed or shelved.

URRY: How many, do you know?

WISE: It is a significant number, you know ...

URRY: Dozens?

WISE: I would say you are into double figures.

URRY: Quite serious then?

WISE: It is indeed.

URRY: UK retail developments expected to be abandoned or delayed could be as high as 40% over the next five years, according to Savills, the property consultancy. But hard data is difficult to come by. We asked the British Urban Regeneration Association, the British Property Federation and the Royal Institution of Chartered Surveyors how many schemes were in trouble, but none had figures. Even the Local Government Association, whose members are in partnership with developers, is struggling. Housing and Environment spokesman, Paul Bettison, agreed there were plenty of problems, but said much of the details were kept secret. Some of these schemes are simply not going ahead, are they?

BETTISON: That certainly is, I guess, the worst case scenario.

URRY: Do you know how many up and down the country won't now go ahead?

BETTISON: No, I'm not able to say that, because so many are the subject of negotiation and you don't give up on something that you have worked so hard for for so long, such as a town centre. You know, all the while there is life, there is hope.

URRY: Do you know how many are in trouble?

BETTISON: No, I don't even have that figure.

URRY: Shouldn't the LGA know a bit more about this?  
Shouldn't you have some hard data, because it's a public policy issue?

BETTISON: No. It is a public policy issue, but this is where public and private need to work together, and the public sector must respect the confidentiality of private sector partners who don't want to appear on the front page of the public sector journals if they're having a little difficulty obtaining all the finance that they would like for the ventures.

URRY: It's a bit more than a little difficulty, isn't it? We've heard about schemes that are being cancelled.

BETTISON: Well sure, but then, you know, that is the right ...

URRY: Don't people in towns and cities have a right to know?

BETTISON: Well, nobody's suggesting that the residents would not be informed. What we are saying is that is not for the LGA to take a monthly score and announce when something is dead.

URRY: Even when significant sums of public money are put up, it's sometimes not enough to keep regeneration going.

#### ACTUALITY BY RIVERSIDE

MCMANUS: We are down by the riverside at Lancaster, it's about a few minutes walk from the city centre. It's the old industrial area, the old quayside, and as we know over three hundred years ago it was the main port for the district, but as we know with modern ways of industry it has declined.

URRY: Heather McManus is Lancaster City Council's Director of Regeneration. She's trying to get this part of the city back on its feet. This big old mill that we're standing close to there, which has now fallen into disrepair really, but that was the centrepiece of this area, was it?

MCMANUS: It certainly was, and certainly we hope for it to remain to be. The building you see was an old industrial building, and the plans are that that will now be used for office facilities within the regeneration project for the ...

URRY: Lancaster has been waiting for years to do something about this waterfront site, so a grand plan was drawn up by the council and its partners, and in 2004, £10 million worth of public funding was secured from UK regeneration agencies and European grants. The idea was to transform this eyesore into a 21st century urban village - total cost £70 million. The private sector would provide the bulk of the funding, but taxpayers' cash would help with the acquisition of the site from private owners and the expensive business of clearing contamination. But it's all taken time.

MCMANUS: We've been waiting for British Rail to look at how we deal with the railway, because as you can see ...

URRY: We're right next to a railway line, aren't we?

MCMANUS: Yeah absolutely, it's the West Coast Mainline here and we've got the station just beyond, and so there have been some issues with regards how we deal with that.

URRY: And how long has that gone on for? Not just the rail site, but there have been other users here as well, haven't there?

MCMANUS: Oh absolutely, I mean any regeneration project, from concept to actually completion, you know, it's a five or six year rolling program, particularly on a site that needs investment of looking at the infrastructure, looking at some remediation if there's any contamination, which there is on this site. We had a big gas site, that had to be taken out and we had to have negotiations to do that. So with any scheme it does take time and therefore ...

URRY: Compulsory purchases here?

MCMANUS: Absolutely yeah, we had to go through a rigorous planning process, and as a consequence of that we're going through a rigorous compulsory purchase process.

URRY: At the heart of the new urban village for Luneside East was to be 350 homes - flats, apartments and townhouses with the magnificent but rundown old mill as its centrepiece. A main developer was secured who brought on board a house builder. But, because the planning process is slow, adding to the complications of site acquisition and clearance, they've been overtaken by events. The housing bubble burst, and last month the house builder pulled out.

MCMANUS: The principle of the development was that it would be for apartment buildings, and as we all know the investment market and the financing behind the investment market on some of the developers has actually been pulled away from them. I think this is a common issue that's happening around the country and particularly in the bigger cities. Liverpool and Manchester, we know that there's been a substantial amount of flats that have been constructed purely for investment purposes with no real end users in mind. And I think as a consequence of that, you know, the market has fallen out of it, there are no end users. What we want to do here is make sure that we do have residential accommodation that does allow for those end users to be in place.

URRY: Shouldn't you have done that earlier then really, if you knew that apartments were not a good idea and you've known for some time, why wait till a housing developer actually pulls out?

MCMANUS: Well, at the time of, it is about timing, and at the time that we progressed with this, you know, it was the right market, it was the right time.

URRY: Not any more. Millions of pounds of public money have already been spent, but so far, the sixteen acre brown field site has not been cleared, and in a housing market suffering a very significant downturn, the search is on to find another house builder who'll sign up. There's lots of meetings, re-drawing of contracts,

URRY cont: re-thinking of plans and little real progress. It's not just the housing that's at risk either. Local businesses were depending on the construction of new premises at Luneside East to make good shortages in the rest of the area, according to Jerry North who speaks for the Chamber of Commerce.

NORTH: This was going to produce good quality commercial stock that isn't now going to be produced, or looks unlikely to be produced in the near future. A lot of the focus on this was for small to medium enterprises, and the Chamber of Commerce locally represents many many small to medium enterprise businesses, and they would have looked for some good stock down there that they'd have been able to invest in themselves.

URRY: How disappointed were you then when you heard that this wasn't going ahead?

NORTH: Well, in my day job as a shopping centre manager – very disappointed. There are a number of components that Lancaster requires at the moment to make it into the city that it really could be without spoiling its historic nature, and this was one of them.

URRY: You seem to be saying it's a blow to Lancaster regeneration at large?

NORTH: I think so, yes. It's such a shame. It's not just looking at that individual site – it was, what does it add to the Lancaster offer as a meaningful city in Lancashire.

URRY: The delays suffered by Lancaster are typical, according to Richard Wise of the property developers, Centros. He believes the Government could do a lot more to help speed up the process.

WISE: The single greatest killer to a council or a developer is time, and delays are a very very major contributor to a lot of these schemes being delayed further and/or shelved. So if central Government wanted to look at this seriously, firstly try

WISE cont: and give local government a little bit more power, because it's the guys on the ground that know what works and what doesn't within their towns and cities.

URRY: They've got all the planning powers, haven't they?

WISE: Well that's the point, you see, because what the Government I think could relatively easily do is to say, generally speaking, there is one core regeneration project per town or city. It's clear that one project is going to be the main generator of wealth and prosperity for that town going forward. Well why doesn't the Government turn round and say, 'Okay, you can somehow prioritise all of the planning and the compulsory purchase and the whole public process that you go through.' If you say you've got ten years start to finish, you very often have seven of those wading through the planning and the public process.

URRY: Yes, because people object and they have a right to object, don't they?

WISE: People do have a right to object, but what I'm trying to suggest to Government is that there is a really serious piece of work that central Government/local government can do looking at how can we make them shorter, and it would definitely mean that more of them went ahead, because the cost base would then be significantly lower.

URRY: We wanted to interview a minister about the difficulties regeneration partnerships are facing and about the complaints of delays caused by the planning process. The Communities and Local Government Department told us no-one was available. Instead they pointed to the Planning Bill going through Parliament, which they said would help speed up and reduce the cost of development. But at the moment, councils and developers are at the mercy of this time consuming process. And now partnerships are under more stress. Even in schemes which are still going ahead, developers are driving a much harder bargain, and councils, anxious for their plans to move forward, are forced to concede. File on 4 has discovered it's threatening provision of a major national housing initiative.

## ACTUALITY IN NEWBURY

BURGESS: I'm going to go that way. You see these two office blocks here that were only erected sort of fifteen, twenty years ago. They're being demolished to make way for the development. This is going to be the site ...

URRY: Newbury in Berkshire is quite a wealthy area, but some of that money's being spent elsewhere. The high street is said not to have enough of the sort of shops people want these days. Brian Burgess, who speaks for the town's retailers, believes redevelopment on land just behind it is long overdue.

BURGESS: The site obviously is very derelict at the moment, it's been allowed to run down on the basis that the development was going to go ahead. We have needed something doing here since the sixties, and various schemes have been put forward over the years, but nothing has really come to fruition. There's always been something that has stopped it. So we end up with this very ambitious scheme now, which is going to cost £160 million and it's all on a knife edge at the moment as to whether it goes ahead or not.

URRY: When was it supposed to start?

BURGESS: The original start date was last September, but it looks as if, if everything goes ahead now, it'll be twelve months behind and September 2008.

URRY: There's a lot at stake for Newbury, so West Berkshire Council has had to try to ensure its development partner, Standard Life Investments, gets what it needs. In 2005, right from the start of this latest venture, it's been bending over backwards to help.

## ACTUALITY IN NEWBURY

URRY: If you take a short walk down Newbury high street, you'll find quite a few things for sale in the shops here, some of them at bargain basement prices, but you still can't get much for just a pound, unless of course you are the council's developer. Then you'll be able to buy a whole car park from the local authority for exactly

URRY cont: that amount - one pound. This emerged when information which was supposed to be commercially confidential leaked out, and it's not pleased some local ratepayers, like Brian Burgess, who also speaks for the retail community.

BURGESS: I find it quite ridiculous that the council can give away an asset which is worth millions of pounds, which theoretically belongs to the council tax payers of West Berkshire for just a £1 consideration. It's scandalous actually.

URRY: What does it tell you about the situation?

BURGESS: It tells me that the council are desperate for the scheme to go ahead and are prepared to give in to any concession being demanded by the developer.

URRY: But the town seems to want this. I mean, you're not against it, are you, so aren't they right to be making some concessions to get this thing going?

BURGESS: Not at any cost, and that's the attitude the council seem to have taken, that this scheme will go ahead whatever it costs.

URRY: Graham Jones, the leader of West Berkshire Council, insists the authority is still getting a good deal.

JONES: We've put the car parks into the project in what is basically a cost neutral way, so what we're putting in is a car park which yield about £300,000 per annum in income, and what we'll get out of it is an additional £300,000 of income back from when the project is completed. The effect on the council taxpayer is absolutely neutral.

URRY: But you've got rid of a major asset for a pound.

JONES: Yes, but we've also got a major asset in the future, which is the income from the car park.

URRY: Pretty good deal for the developer, isn't it, getting a car park for £1?

JONES: Well no, they're having to yield up a significant amount of income back to the local authority.

URRY: But now it's the council which is being forced to yield again. In March this year, the developers wrung further concessions from West Berkshire. Standard Life Investments said they could no longer afford to fulfil planning obligations which, previously, they'd agreed to. These are known as section 106 agreements, requiring developers to make contributions to the public services of an area, so that those services can cope with the increased demand placed upon them by the development itself. These gains include important requirements for providing affordable housing, something the Government has been encouraging councils to ensure they secure when striking deals.

JONES: Originally the developer was going to be providing thirty-seven affordable dwellings as part of the project, which in the economics of affordable homes, is worth about a million pounds. We've agreed to reduce that down to £100,000. It took a lot of heart searching from many members to see if we'd be willing to do that, but I think most members across both political parties on the council accepted that the benefits to the town outweighed giving way on this particular proposal.

URRY: They were proposing to scrap the affordable housing element of the housing scheme at large, were they?

JONES: Well reduce it significantly back to...

URRY: It's two houses that, isn't it?

JONES: Well yes, reduce it significantly down, but if the project doesn't go ahead we get absolutely no houses.

URRY: Instead it's the council which has had to find the resources to keep the affordable housing in play. When developers build houses they can

URRY cont: sometimes choose to make cash contributions to a pot of money set aside by local authorities for affordable homes. West Berkshire's been forced to use money from other sites put into that pot to keep its flagship town centre housing alive. Council leader Graham Jones concedes that will have a knock on effect.

JONES: The pressure that we've got is to build more affordable homes. It's an expensive place to live. Where, you know, what we will be trying to do is maximise developments as they come forward to ensure that the affordable element is very much to the forefront.

URRY: You're going to struggle with that, aren't you, because of the agreement you've felt the need to sign up to really? So affordable housing is going to get pushed down in this area.

JONES: I think over the coming next few years there's going to be increasing pressure on affordable housing. I think the state of the economy and the state of the housing market is going to mean that development isn't going to as readily come forward as it did a few years ago. There will certainly be pressure ahead.

URRY: According to the Local Government Association, 50% of affordable housing provision is met through these section 106 agreements, and ministers have been telling local authorities to make sure they maximise planning gains wherever possible. The Association's Paul Bettison accepts that some are being squeezed.

BETTISON: We have seen evidence of developers who are having difficulty selling homes that they've already built. We've seen evidence of them actually stopping work, or in some cases actually dismantling part-built homes so that they don't trigger the next 106 payment to the local authority.

URRY: It's affordable housing that's getting the mauling, isn't it, because it's at the bottom of the pile really as far as the developers are concerned.

BETTISON: No, actually, strangely enough it's not always getting a mauling, and if the developer has a choice of stopping building altogether because he can't



URRY: Hasn't that made it vulnerable to boom and bust really?

BETTISON: Certainly retail is more vulnerable than other sectors, but then a town centre without retail, in the minds of many, would hardly be a town centre.

URRY: But those town centres are becoming increasingly difficult for retailers. File on 4 has been told big high street names are already shedding significant numbers of stores as the downturn bites. Professor Barry Gilbertson is a member of a Bank of England committee, set up to advise the Governor about what's going on in the property market. As a partner in PriceWaterhouseCoopers, Professor Gilbertson began last year to advise some retailers about re-structuring. Although the names of the stores are confidential, the figures are clear enough.

GILBERTSON: What we found was, looking at those eight national retailers, who between them had something over two thousand stores, was that on average they needed to jettison, sell or re-let something like 27% of their portfolios. That's something in the order of 550 shops coming onto the market.

URRY: And these are big players on the high street, are they?

GILBERTSON: Oh, they're names that you would absolutely know, you'd know every single one of them. I can't tell you their names because it's done in a confidential business way obviously. If we try to extrapolate those percentages across the number of retailers who had maybe ten or twenty or fifty or a hundred stores, what might happen during the course of 2008 if just 10% of those retailers got into difficulty? You end up with something like 2,700 shops coming onto the market during the course of 2008.

URRY: Up for sale?

GILBERTSON: Up for sale, up for rent. For high streets particularly it means the lights are going out.

URRY: You've done a follow-up study, haven't you, which is much more current. What is that now showing?

GILBERTSON: We looked at the number of major retailers who have actually either been restructured or gone out of business in some way during the course of 2008. And in the first six months that's about twenty retailers, like Stead & Simpson or Dolcis or Ethel Austin. When we looked at that portfolio of companies, they had 3,114 stores between them, and in order to sell the business or restructure the company they have had to jettison 1,293 shops - which is about 36%.

URRY: So that's gone up, that percentage?

GILBERTSON: Which is a very worrying trend. It's gone up by about a third in just six months.

URRY: This comes at a time when more than 1.25 million square metres of new shopping space is due to open between now and the end of next year, according to a report from global real estate advisers, Cushman and Wakefield. On the evidence we've heard in this programme, it's difficult to see how all that will be filled. But remarkably, in the face of that evidence, Government figures suggest the nation hasn't stopped shopping. The Office for National Statistics publishes regular retail figures. The latest ones seemed cause for optimism. Record sales for some sectors in May and a healthy rise in sales volume over the three month period though spring, showing a 1.8% increase on the previous quarter. Some analysts are baffled. Richard Hyman, strategic advisor to Deloitte, is a retail sector specialist. He says the published figures don't tally with what he's seeing.

HYMAN: The fact that I've been studying all of this, including those figures from the Government, for the last 25 plus years, didn't make me any less mystified than anybody else. I cannot explain them and I won't, except to say they bear no relationship whatsoever to the retail industry that I'm looking at and that I spend all my professional life talking to people at the coalface about.

URRY: But aren't they using figures that have come from the retailers themselves?

HYMAN: Well allegedly they are. What I can tell you is that it's very very difficult out there, and the idea that there's a boom going on and that people are spending freely really doesn't stand up to any sort of scrutiny at all. Everything that we buy to consume is costing more, petrol is costing significantly more than it did in the very recent past. Something's got to give. There's something gone badly wrong, I can't explain what. Where are we all getting the money from to participate in this boom?

URRY: The ONS told us they sample each month around five thousand retailers and confirmed that the surge in May was being put down to sunny weather. A statement pointed out that:

READER IN STUDIO: The Office for National Statistics always advises that figures for individual months can be volatile and should be treated with caution. The change between the latest and previous three months is a better guide to underlying growth.

URRY: But that's the rise of 1.8%, which Richard Hyman questions. And for him building more shopping centres to regenerate towns and cities isn't going to work.

HYMAN: We're looking at a UK retail industry that has reached a state of physical maturity that we've never seen before. There's far more footage, far more capacity out there than there's ever been before, and demand is relatively flat. And in the meantime there is more capacity coming on stream in the way of shopping centres and floor space. And then on top of that, as if things weren't bad enough, we've got this wonderful thing called online retailing. At the moment it's taking about £15 billion worth of sales a year. That represents about 5% of total retail sales that would have been spent in stores.

URRY: Do you think local and indeed central Government understands the way the market has matured, the way in which you describe it's matured, because we find there's still a rush to try to get shopping centres built in towns and cities up and down the land?

HYMAN: I don't think that there is a sufficient understanding at all.

URRY: Boom time for shopping is over then, is it, notwithstanding the current conditions?

HYMAN: The kind of growth that we've seen in retailing over the past ten years or so is a thing of the past in my view. It's not going to return.

URRY: But for many councils this is still the only game in town. So isn't it time for a re-think?  
Does the Local Government Association have a strategy to try to deal with this issue?

BETTISON: It doesn't have an overall strategy for the country, because, let's face it, the credit crunch has come upon us fairly rapidly and many of these changes are the subject of a lot of commercial confidentiality, and people are just not able to report to a central point.

URRY: Do you think it's now time to put a national strategy together though?

BETTISON: It certainly is time, in light of the change to the market in which we operate, to review just how well we are doing as a sector, and whether or not the sector needs any help from central Government, because if we're saying that it can't be funded solely by developer contributions, then the only player around, it would seem to me, that would be able to take up the slack would need to be central Government.

URRY: Any sign of that happening?

BETTISON: I've not had any phone calls lately offering me millions of pounds for town centre regenerations.

