

Written evidence submitted by the Association of Town and City Management, with the Institute of Place Management and the Bid Foundation [HST 060]

EXECUTIVE SUMMARY

The Association of Town and City Management (ATCM) is the largest not-for-profit organisation representing urban management in the UK and Ireland. While ATCM is the organisation submitting this written evidence, **it is part of a joint submission** with the Institute of Place Management (IPM) at Manchester Metropolitan University and The BID Foundation. This submission represents the views of the people, organisations and partnerships that actively manage the UK's town centres and high streets.

The main points in this submission explicitly address the terms of reference of the HCLG Committee's Parliamentary High Streets 2030 Inquiry. We recommend that this document is considered alongside the submission from IPM which includes more detail on the major recommendations we propose to government, which, if implemented, will have a profound impact upon our high streets and town centres.

- The role of high streets should change to:
 - a multifunctional rather than a retail-focused perspective
 - encompass healthy placemaking strategies
 - be inclusive, catering for the needs of all place users.
- High streets and town centres face significant economic, demographic, social and technological challenges:
 - Retail sales are rising, but store numbers are decreasing, albeit with significant regional variations.
 - Online retailing is one factor driving store closures. The share of retail expenditure in town centres is forecast to fall to only 34% by 2022.
 - Other revolutionary technological developments will change how we use town centres, and will also affect retail employment, with 2.4 million jobs in wholesale and retail forecast at risk by 2030.
 - The high street is impacted by the overall economy. Forecasts say households will be significantly worse off after Brexit, yet expenditure on essentials continues rising.
- The high street non-economic outlook can be very positive but:
 - Regeneration has been retail-led for many years, and local authorities lack the capacity and tools necessary to evaluate the non-economic impacts of development
 - Management and governance of town centres and high streets must be more inclusive, actively involving all users

- For high streets to adapt, government policy also has to address:
 - Two key barriers to positive change in high streets and town centres are business rates and multi-landlord ownership.
 - Residential development must not undermine the commercial function of town centres
 - Council investment in commercial property, and the work of BIDs, notably property owner ones, can resolve structural difficulties at a local level.
- Local councils require additional powers and require support to maximise their existing powers:
 - Demand for A1 retail space in many town centres will continue declining, yet local authorities have been slow to adapt to changing conditions and lack necessary skills and evidence to make effective decisions.
 - Local authorities require additional guidance and direction to use existing powers and capacity to support town centre revitalisation.
 - We continue to have a centralised system of local government finance, disincentivising economic development.
- Government legacy from high street/town centre policy and programmes could be greatly improved if
 - The longevity and continuity of local activity that results from projects (such as Portas Pilots) was better supported
 - High streets and town centres were explicitly recognised in relevant policy areas, such as the Industrial Strategy and LEPs.

EVIDENCE

1. The Role of High Streets

- 1.1. As low household income growth and constant squeezes in consumer expenditure¹ continue to drive people away from our High Streets, it is imperative to emphasise our centres' impact in the prosperity of the local community from a multifunctional² rather than a retail-focused perspective. Future high streets and town centres need to become the intersection of human life and activity³, as evidenced by their various contributions in their respective communities. Driving growth via investment in arts and culture promotes town centres and high streets as places for cultural interaction⁴, boosting local economies as cultural anchors (theatres, libraries, museums) can attract additional footfall via a plethora of events⁵.
- 1.2. Town centres are 21% more productive than non-urban areas, hosting 72% of high-skilled employment, which subsequently encourages economic growth and footfall⁶. Such influx of people and skills can also create conditions for resilient local communities and civic engagement, and have significant influence on the local economy, by bringing more shoppers who can support retail, tourism, food and drink and leisure industries, thus creating a significant “multiplier effect”^{7,8}.
- 1.3. Future high streets and town centres need to consider the importance of promoting healthy placemaking strategies⁹ focusing on people's well-being and community cohesion as a viable route for growth¹⁰. Such strategies can include new improvements in the centre's public realm and design, along with policies supporting walkability and inclusiveness. For example, it is estimated that UK High Streets lose approximately £212bn by not catering for disabled people and their families¹¹. Improvements in infrastructure, or even simple interventions that promote walkability, can have a significant impact in the future of the high street.¹²

¹ Experian (2012) *Town Centre Futures 2020*, London.

² Millington, S., Ntonis, N., Parker, S. and Quin, S. (2015) *Multifunctional Centres: a sustainable role for town and city centres*, Institute of Place Management, Manchester Metropolitan University, Manchester

³ Dobson, J. (2017) 'From "me towns" to "we towns": activist citizenship in UK town centres', *Citizenship Studies*, 21(8), pp.1015–1033.

⁴ Carmona, M. (2015) 'London's local high streets: The problems, potential and complexities of mixed street corridors', *Progress in Planning*, Volume 100, p. 1-84.

⁵ Local Government Association (2018) *Revitalising town centres: A handbook for council leadership*, London.

⁶ McGough, L. and Thomas, E. (2014) 'Delivering change: Putting city centres at the heart of the local economy', *Centre for Cities*, London.

⁷ NEF (2005) *Trading Places: The local economic impact of street produce and farmers' markets*, London.

⁸ Rhodes, C. and Brien, P. (2018) *The retail industry: statistics and policy*, House of Commons Library, Briefing paper number 06186, 21 March, London.

⁹ Royal Town Planning Institute (2014) 'Promoting healthy cities: why planning is critical to a healthy urban future', *Planning Horizons*, no. 3, October.

¹⁰ Public Health England (2018) *Healthy High Streets - Good Place-Making in an Urban Setting*, London.

¹¹ Department for Work and Pensions (2014) *High street could be boosted by £212 billion 'purple pound' by attracting disabled people and their families*, 27 August

¹² Living Streets (2016) *Living Streets response to the Mayor's Planning Committee review of the role of London's town centres*, August 19, London.

2. Economic, Demographic, Social and Technological Challenges

- 2.1. The UK population, particularly in England, is growing (forecast to be 70.6 million by 2031 up from 65.6 million in 2016), and ageing (there will be a 30% increase in those over 65 comparing 2030 to 2016¹³).
- 2.2. Overall retail sales are rising¹⁴, however, store numbers are reducing - with a net loss of around 61,000 stores closed between 2012 and 2017 (15.7%) and a further net 31,000 forecast to close by 2022 taking the total to under 300,000. Losses are higher in Wales (25.3%), the North West (25.1%) and East Midlands (23.6%) and lower in London (5.2%) and the South East (9.3%). This regional difference is reflected in retail vacancy, which in 2017 was about half the rate in London than in the North East or North West¹⁵.
- 2.3. Online retailing is one factor driving store closures. Now estimated at 17.8% overall (food being 6.3% and non-food 26.5%) and forecast to reach 22.7% by 2022, 30% by 2028 and a third of all retail expenditure by 2033¹⁶. The share of retail expenditure in town centres has fallen from 49.4% in 2000¹⁶ to an estimated 36.6% in 2017 and a forecast 34% in 2022¹⁶.
- 2.4. The High Street is impacted by the overall economy. Households will be £1700 a year worse off in 2030 because of Brexit¹⁷, with expenditure on essentials rising from 56.8% in 2012 to 65.3% in 2030¹⁸.
- 2.5. There will be radical and far-reaching change to retailing, shopping and high streets through the growth of the Internet of Things, Artificial Intelligence, robotics, digital traceability, augmented and virtual reality. By 2030, there will be significant development in autonomous vehicles and drones, 3D printing, and Blockchain¹⁹. Each development on its own is significant, together they will be revolutionary.

*By 2026, the high street has been transformed [...] Retail is reimagined and shopping is an experience full of discovery and excitement. Stores are destinations to interact with the product, talk to product experts and provide an ambiance which encourages consumers to stay and keep coming back. They are technology enabled, which means a consumer's digital device is integral to providing an engaging experience. In addition, activities that do not drive value to the consumer experience, for example stocking shelves, checking out, etc. are automated. Robots work alongside a highly skilled human frontline workforce to drive this highly personalized and interactive shopping experience.*¹⁹

- 2.6. Technological innovation and retail change will significantly impact on retail employment. Nearly 400,000 job losses are forecast through store closures from

¹³ Office for National Statistics (2017) *National Population Projections 2016-based statistical bulletin*

¹⁴ Centre for Retail Research (2018) *The Retail Forecast for 2017- 2018*, CRR, Norwich, Norfolk

¹⁵ Centre for Retail Research (2018) *Retail at Bay 2018*, CRR, Norwich, Norfolk

¹⁶ Genecon (2011) *Understanding High Street Performance*, Department for Business, Innovation and Skills, London

¹⁷ Institute for Public Policy Research (2016) *Future Proof: Britain in the 2020s*, IPPR, London

¹⁸ Which (2013) *Consumers in 2030: forecasts and projections for life in 2030*. Which, London

¹⁹ World Economic Forum (2017) *Shaping the future of retail for consumer industries*, Geneva, Switzerland

2018-2022¹⁶, 900,000 job losses forecast by 2025²⁰ and 2.4 million jobs in wholesale and retail at risk by 2030²¹.

3. High Street Non-Economic Outlook

- 3.1 Town centres and high streets have always been more than retail, but retail-led regeneration, and the expansion of both the shopping centre industry and multiple retailers in the 1980s and 1990s, has led to a situation where “(m)ost town centres have lost their sense of purpose. Retail has ‘throttled out’ other uses.”²²
- 3.2 The impact of development schemes has been heavily skewed towards economic benefits, especially job creation, but many of these have not been realised²³ and, worse, have undermined the social, civic and cultural function of town centres. Local authorities lack the tools and capacity to challenge development claims or assess the non-economic impact.
- 3.3 The changing nature of town centres and high streets is generating new ‘activity anchors’²⁴ - these attract large amounts of footfall and can be permanent (like public transport hubs) or temporary (like festivals). Future development and decision making must focus on activating space, linking to existing and developing anchors, and generating economic and non-economic value.
- 3.4 Resilient high streets and town centres will successfully nurture collaboration and strong links between the public, commercial and social sectors²⁵. Such collaborations have been already proven beneficial for towns such as Ballymena and Minehead, which capitalise their public assets to promote cultural events and thus create a more positive cultural identity in their centres⁴.

²⁰ British Retail Consortium (2016) *Retail 2020: Fewer but better jobs*, BRC, London

²¹ Institute for Public Policy Research (2017) *Another lost decade: building a skills system for the economy of the 2030s*. IPPR, London

²² Distressed Retail Property Taskforce (2013) *Beyond Retail: Redefining the shape and purpose of town centres*. London.

²³ Association of Convenience Stores (2014)

²⁴ Parker, C. and Millington, S. (2017) *Adopting new activity-based classifications of town and city centres are key to combatting decline*, Institute of Place Management, Manchester.

²⁵ Centre for Local Economic Strategies (2014) *Developing resilient town centres*, Manchester.

4. Adaptation of High Streets

4.1. Two key barriers to positive change in High Streets and town centres are business rates and multi-landlord ownership.

4.1.1. *Business Rates* disincentivise investment in physical retail and other forms of commercial activity that require space. A number of sectors contributing to town centre eco-systems struggle for sustainability with implications for employment and productivity.

4.1.2. *Multi-Landlord Ownership*: Landlords are critical to shaping the use of physical assets in town centres. However, far from being a homogenous sector, they are fragmented, with some divorced from local decision-making or willing to play a proactive role in regeneration. Furthermore, in some town centres the owners of land are difficult to identify.

4.2. These barriers can come together in ways which are potentially toxic for High Streets such as the use of Permitted Development Rights to evict centrally located businesses in key commercial properties to convert into residential. While delivering more homes in town centres is important to developing a multifunctional, dynamic location, doing this at the expense of viable enterprises undermines this vision.

4.3. There is evidence of successful proactive approaches to resolving structural difficulties at a local level when it comes to property. Councils have invested £3.8 billion in commercial property between 2013 and 2017 in an attempt to turn around the fortunes of town centres²⁶. Property Owner BIDs have been developed in Central London and other BID schemes across the country are working proactively with property owners such as Kingston First, Bath BID and CityCo (a city centre partnership spanning Manchester and Salford).

²⁶ Revo and Carter Jonas (2018) *Fixing Our Town Centres: Phase One*

5. To what extent do councils have the planning, licensing, tax rising and other tools needed to help local areas flourish and how they make use of these

- 5.1. Local authorities already possess an array of statutory and non-statutory powers, which they can deploy to promote town centre revitalisation, but their use is inconsistent and often not sufficiently focused on issues affecting vitality and viability of town centres²⁷. For example, despite the relative success of CPO applications, local authorities use this power sparingly²⁸. In addition, the operation of the BRRS has been questioned²⁹, to suggest the scheme can restrict local government investment plans and encourage the development of unneeded floorspace.
- 5.2. There remains too narrow a focus on A1 retail, restrictive definitions of what constitutes High Streets, and a fixation on managing parking, and other issues⁶, whereas they might intervene by prioritising and facilitating other interventions more effective at improving at the attractiveness of places³⁰. Indeed, a strategic approach to planning and accessibility may alleviate parking issues.
- 5.3. Local authorities appear to lack the necessary skills and evidence to make effective decisions. There is insurmountable evidence demand for A1 retail space in many town centres will continue decline, yet local authorities have been slow to adapt to changing conditions. Local plans continue to accommodate assumptions of perpetual growth in this sector. Local authorities, therefore, require additional guidance and direction to use their existing powers and capacity to support town centre revitalisation. The question arises if the Policy Planning Framework remains fit for purpose given the structural changes affecting the retail sector in the UK.

²⁷ Jones, C. (2014) 'Land use planning policies and market forces: Utopian aspirations thwarted?', *Land Use Policy* 38, pp. 573-579.

²⁸ *The Planner* (2017). Available at <https://www.theplanner.co.uk/news/compulsory-purchase-orders-fall-sharply-but-remain-successful> Accessed: 21/6/18.

²⁹ Greenhalgh, P. M., Muldoon-Smith, K. and Angus, S. (2016) 'Commercial property tax in the UK: business rates and rating appeals', *Journal of Property Investment & Finance* 34(6), pp. 602-619.

³⁰ Parker, C., Ntounis, N., Millington, S., Quin, S. and Castillo-Villar, F.R. (2017) 'Improving the vitality and viability of the UK High Street by 2020: Identifying priorities and a framework for action', *Journal of Place Management and Development* 10(4), pp. 310-348.

6. Government Legacy

6.1. We support UK's Government's initiatives to help high streets, delivered through BIDs legislation, the Portas Review, Future High Street Forum, Great British High Street Awards and support for schemes such as Love Your Local Markets. These have given our high streets a greater public profile and have been a foundation for greater local activism to support high streets. However, there are two things which we think would greatly improve the government's legacy.

6.1.1. First, it's about considering the longevity and continuity of these projects. With the support of the UK Government, ATCM was able to provide guidance for the Portas Pilots. However, government support was too limited in terms of timeframe with most pilots losing funding after 2 years, before sustainability could be delivered for grassroots partnerships. Furthermore, the Future High Streets Forum has developed a legacy of not fulfilling some of the credible industry-led recommendations proposed over the years.

6.1.2. Second, there is a need to recognise how high streets, as places, overlap with many other policy areas. If this was reflected in the work of the HCLG, the legacy of the Government's high street agenda would be much stronger. Linking these economic clusters to the Industrial Strategy or LEPs for example, could be pivotal in transforming our town centres into places of enterprise.

RECOMMENDATIONS

1. The consideration of the high street as a multifunctional space rather than just a retail destination is not reflected in planning.
 - 1.1. Despite widespread predictions across the sector, which forecast a decline in the demand for retail space in centres, local plans continue to work on assumption of steady growth for primary and secondary retail. We would seriously question this approach, and instead call for wider consideration of re-designation powers and a re-evaluation of the Sequential Test Approach²⁵.
 - 1.2. We suggest Permitted Development Rights for converting offices to residential be revised urgently but councils move towards European planning models, which accommodate mixed-use/zonal planning and residential development.
 - 1.3. Local authorities should consider their role in supporting temporary activity and flexible uses through their licensing and regulation duties³¹.
2. Local authorities require clearer guidance on using their existing statutory powers, together with the role in licensing and regulation to help restore vitality and viability to high streets and town centres. Despite national policy guidance outlined in NPPF, we see local authorities continuing to make planning decisions which undermine the sustainability of high streets and town centres³².
3. Local government finance must incentivise sustainable economic development through fiscal devolution.
4. Support is provided for the evolution of public-private town and city management models.

³¹ Jones, P., Comfort, D., and Hillier, D (2016) 'Surveying the pop-up scene', *Town and Country Planning*. 85(12), pp. 533-537.

³² Peel, D. and C. Parker (2017) 'Planning and governance issues in the restructuring of the high street', *Journal of Place Management and Development* 10(4), pp. 404-418.

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