Department for Business Innovation & Skills

UNDERSTANDING HIGH STREET PERFORMANCE

A report prepared by GENECON LLP and Partners

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Executive Summary

Introduction

1. GENECON, leading a multi-disciplinary team from Colliers International, GJR Consulting, and Urban Pollinators, was commissioned by the Department for Business, Innovation and Skills (BIS) to provide a review of the available research and analysis of the drivers and barriers which impact on the economic and social performance of high streets, in order to provide an independent and robust evidence base.
2. The brief for the commission recognised that initial exploratory work had identified a plethora of reports and analysis and that the study was required in order to identify the key issues that the public, private and third sectors need to take into consideration when taking action or investing in high streets. It did not seek the collection and analysis of new, primary evidence.
3. The intention of the study is that it will inform central and local government decision making regarding town centres, high streets and local economic growth. It is also intended to be a key input to the Independent Review of the High Street led by Mary Portas.

An analytical approach

4. The literature on high streets is sizeable and diverse. It ranges from quantitative data relating to various aspects of high street 'performance' (historical, current and forecast), to enquiries into very specific aspects of life and changes on the high street in terms of drivers such as: planning; management; attractions; accessibility; amenity (such as streetscape and public space); technological change (online shopping, banking etc.); and marketing and promotion.
5. Clearly, treating an evidence base of this size and disparity required a systematic approach to the analysis. The study team considered the advantages and disadvantages of a range of analytical frameworks, including PESTL (Political, Economic, Social, Technological and Legal), Porter's 5 Forces, and SWOT (Strengths, Weaknesses, Opportunities, Threats). The study team took the view that none of these frameworks could be applied to the evidence in a way which completely captured the wide range of performance on performance that occur on the high street. A bespoke analytical framework was therefore developed, based on an initial review of the evidence, and which was modelled on and not dissimilar to the PESTL approach.

   This framework includes:

   - *Externalities* – high streets are influenced by externalities that are generally outside user/occupier control. These might include macro-economic factors such as the recession/loss of consumer confidence, or centralised decision-making by property owners/retailers, but also micro-economic issues such as the loss of a major employer and its consequential impact on a local area;
   - *Spatial and physical factors* – high street performance is affected by factors such as the development of new residential areas or demographic changes; changes in the physical environment; accessibility related to car access and car parking and cycle/walking friendliness; amenity in terms of streetscape, public space and private/public space;
   - *Market forces and competition* – the development of the high street is undoubtedly affected by the emergence/presence of competitive alternatives to the high street, through a range of channels;

- *Demographics* – changing demographic trends are likely to have important implications for our high streets. There are implications related to the impact of factors such as: ageing populations; transient populations such as students/immigrants; and the socio-economic catchment/level of disposable income that influence the face of high streets;
- *Regulation and legislation* – a range of regulatory and legislative policy initiatives have impacted on high streets including planning policy and licensing legislation and the introduction of financial incentives;
- *Management* - the management of high streets has the potential to affect change and can contribute to the differential impact of certain factors or events.

6. This analytical framework was particularly pertinent to our analysis of influencing factors in Section 5 of the report, and also informed our approach to analysing the responses to the impact of these factors (in Section 6), although characterising the very wide and disparate range of responses under the framework proved to be unhelpful. Nevertheless, in terms of its general application to understanding change and the drivers of change on the high street the framework offers an appropriate and helpful tool.

What are high streets?

7. Whilst there are commonly accepted definitions of the components of a high street/town centre, derived from a range of sources, the evidence does not offer a commonly accepted definition of the 'high street' in its own right. In much of the evidence, references to the high street are quickly superseded in both commentary and analysis by the unit of the town centre (foreshadowing the challenges with data collection and analysis noted in Section 3 of the report).
8. Furthermore, high streets/town centres are places of great complexity and variety, which is reflected in varying performance. Town centres and high streets are characterised by considerable diversity and complexity, in terms of scale, geography and catchment, function and form. No two town centres or high streets are the same. As a result, the way in which they are affected by and respond to change is diverse and varied. Depending on their internal characteristics, including general economic resilience, changes that would constitute a death knell to one town centre might bring positive outcomes in another.
9. The complexity of town centres and high streets, and their diversity, posed a significant challenge to their analysis and research, especially at the national level. Comparative studies adopting a consistent approach are few. This complexity also points to the need for bespoke, rather than generic responses, to high street revival.
10. In order to identify and analyse the literature, the study team developed a functional definition for high streets/town centres, drawing principally on their role in serving and attracting catchments and markets. In particular, this typology has omitted certain types of centre, arguing that these are of a scale (both too large and too small) that means that the term 'high streets' is not an appropriate frame of investigation or analysis. These exclusions are city centres and local centres. As with the Department for Communities and Local Government (DCLG) typology set out in Annex B of Planning Policy Statement 4, small parades of shops of purely neighbourhood significance are not regarded as centres/high streets for the purposes of this research.

    The typology developed in the study is as follows:

    - high streets in multi-dimensional town centres serving primarily sub-regional markets and driven by catchment and geography. These offer functions such as the provision of labour, a location for business, and an environmental asset;

- high streets in 'destination' town centres, where the driver of use can be considered to be a specialist appeal or a particular product and where retail and service provision predominates over the functional roles;
- service centre high streets in suburban districts that are serving more localised residential catchments.

11. Clearly our typology provides just one interpretation – further work to establish a clear and definitive classification of high streets and town centres for the purposes of policy development and further research would be beneficial.

Valuing the high street/town centre

12. High streets often have an historic/emotional resonance with the communities they serve, and planning and economic policy goes further in confirming and promoting the economic and social value of high streets. The importance of the high street is reflected clearly in planning policy since the mid-1990s, particularly the presumption of 'town centres first' in land use decisions, particularly involving retail activities. This approach has received bi-partisan support since its development, and is retained under the emergent National Planning Policy Framework.
13. In the long historical policy context of 'town centres first', there is also an established presumption that high streets and town centres have determinable economic and social value that warrants policy attention.
14. However, attempts to measure the economic value of individual high streets and town centres are few and far between. Although some do exist at varying scales these largely focus on limited available national data and tend to be retail focused - a challenge that frequently occurs across the evidence base.
15. While the high street/town centre is a driver of local economic performance, it can also reflect local (and wider) economic health and well-being. There is limited evidence analysing whether high street performance influences socio-economic indicators, and the evidence does not confirm whether decline in high street performance has a detrimental impact on social and community well-being in its wider area. This is a gap in the evidence that might be addressed through primary research.
16. The economic value of high streets/town centres is not well understood, although it is presumed within the literature that the impacts are instinctively positive. It is therefore especially difficult to compare value against out-of-town developments. While such developments are normally subject to ex-ante assessments of potential effects on high streets/town centres, they are rarely subject to ex-post evaluation.

High street changes and recent trends

Retail bias

17. The data available to quantify economic performance/health of the high street are pertinent to town centre level (or above) but rarely below – even in local studies. In the case of the latter, it is rare to find historical performance comparisons.
18. Although town centres are normally viewed as hubs of retail activity they often contain a wide range of other uses, such as services, offices, residential and public buildings. High streets themselves typically have a higher representation of retail uses, because in many towns, particularly those without a purpose built shopping centre, they usually form the primary shopping area, where national planning policy encourages retail development to be concentrated.

19. Despite this range of uses, and the fact that high street/town centre performance is not solely a reflection of retail performance, it does tend to be considered primarily through the lens of retail performance. This is because the vast majority of the data, especially that available for the purposes of providing an overview at the national level, are heavily biased to retail indicators. Data on aspects of high street vitality such as cultural, heritage and leisure uses is very limited, for example. Even for aspects such as services, offices, public use and residential use, the data lacks the capacity for meaningful analysis. This is a weakness that needs to be considered, especially in the context of new interpretations of the offer of the high street.

In-town/out-of-town balance

20. The period 1998-2009 saw Great Britain's population grow by 3.3 million (5.8%), which gave a boost to annual comparison goods spending of c.£10 billion over the period. However, town centres have not reaped the benefits of this huge increase in retail expenditure. Although town centre retail sales grew from £109 billion in 2000 to £124 billion in 2009 (up 13%), as a proportion of total retail spending they have fallen. It is likely that these figures under-estimate the relative decline of high streets, since the development of new in-town purpose built shopping centres through the last decade will have captured significant sales and are generally perceived to have performed well.
21. Reflecting the relative decline in retail sales, the number of town centre stores fell by almost 15,000 between 2000 and 2009, with estimates of a further 10,000 losses over the past couple of years. With many purpose built shopping centres holding-up well, it is likely that the majority of these store losses will have been in high street locations. Although neighbourhood stores have also been hit hard (down 18,600 over the period), the out-of-town sector has grown by c.1,800 stores since 2000 (up 26%).
22. Given the relative decline in sales and significant fall in the number of stores, it is not unexpected that the retail floorspace of town centres has fallen from 310 million sq ft in 2000 to 283 million sq ft in 2009, a decline of 27 million sq ft or 9% in just nine years. In contrast, out of town retail space has risen by 50 million sq ft, or one-third, over the same period, whilst neighbourhood floorspace has remained relatively stable.
23. Since 2009 it is estimated that town centre floorspace has fallen to 264 million sq ft. This represents only 48% of total space, the first time that the contribution of town centres has fallen below 50%. In broad terms, the Verdict data shows that, on average, each year over the past decade has brought a drop in the proportion of town centre retail floorspace of around 1% and a corresponding rise in out of town retail space of 3%.
24. Footfall is a measure of the popularity of a centre or high street and is an indicator of potential spend. However, there is no evident source of consistent footfall data for high streets across the country dating back to 2000.
25. The best data available is probably that produced by Springboard, who operate a growing number of electronic count points along the nation's high streets. The time-series footfall data produced for high streets by Springboard dates back to 2007 (pre-recession) for a representative sample of count points on a consistent basis. An analysis of this data undertaken by Colliers International shows that overall, high street footfall (excluding Central London) has fallen by 10.4% over the past three years whilst the tail off has been particularly notable during the second half of each year. This suggests that high streets are losing the most potential customers during the all-important pre-Christmas sales period which is traditionally the busiest time of the year for retailers.

Void rates

26. Shop vacancy is a 'high visibility' indicator of how well a high street is doing. Unfortunately, although empty shops are easy to spot, there is an absence of consistent data on national high street void rates over the longer term, particularly from before the onset of recession in October 2008.

27. Experian data shows that even back in 2000 void rates for outlets and floorspace stood at 8.7% and 6.6% respectively, whilst Oxford Economics/PMA data gives a vacancy rate of 6.9% (proportion of outlets only). This confirms that today's void rates have not originated from a very low base but from a pre-existing level of c.7-8%. However, by 2008, following many years of rising household disposable incomes and growing consumer retail expenditure, voids rates had not fallen back, but had actually risen a little. This suggests that other factors were at work during the early and mid 2000's which prevented high street void rates from falling in response to a healthy growth in retail sales.

28. The on-set of economic recession in 2008 has led to vacancy rates increasing still further. Experian data shows void rates rising to 10.5% and 8.1% as a proportion of total outlets and floorspace respectively, whilst Oxford Economics/PMA data (for outlets) has vacancy rates touching 11.9%. In comparison, Colliers International data indicates that the recent rise in vacancy rates has been steeper, increasing from 7.3% of total outlets in (October) 2006 to 14.4% in (October) 2010 before falling back a little more recently. Similarly, according to Colliers, the rise in void rates as a proportion of floorspace has been from 6.4% in (October) 2006 to 11.1% in (October) 2010, before reducing to 9.7% in (April) 2011. Void rates are lower when measured in terms of floorspace because vacant units, on average, are smaller than occupied units. With the economic recovery still fragile and household disposable incomes being squeezed, void rates may rise again next year.

29. The top line void rate data masks large variations between vacancy rates along primary and secondary frontages in town centres. Voids rates in prime shopping areas are much lower than in secondary locations and have fallen over the past couple of years. In contrast, void rates for secondary areas are around 15% and 17% as proportions of outlets and floorspace respectively.

30. After years of growth, high street retailers have found the last 10 years or so to be the most difficult of trading environments. Many retailers have had their margins squeezed, since they have been unable to raise prices due to the comprehensive pressures (cheaper prices) presented by the grocers and e-commerce retailers in particular. Meanwhile, retailers have had to deal with increased rents, business rates, in the minimum wage (introduced in 1999) and in many cases the cost of raw materials. Research indicates that occupancy costs are proportionately highest for standard shop units and this goes some way towards explaining the greater concentration of tenant administrations and store closures in this sector of the retail market. Moreover, many retailers could see their occupancy costs rise further during 2012, since business rates are likely to increase by c.5% in line with Autumn 2011's inflation rate.

Property dynamics

31. Over the past 30 years there has been a 'homogenisation' of the high street. With high street units owned by a myriad of landlords, there has been little or no control over the tenant mix in town centres, apart from some restrictions placed within the 'user' clauses of leases. In order to obtain the best possible return on their investment, landlords let their units to tenants with the strongest covenant, as a result this led to more and more national chains taking prime high street locations (and indeed in purpose-built shopping centres), which in turn led to a 'sameness' about many high streets throughout the UK.

32. There has also been a sense of 'brand grabbing' where institutional landlord/developers of high street shopping centres wanted the kudos of having fashionable brands, which might not necessarily fit the local demographic but improved the marketability of the scheme. This also created little differentiation from other high street shopping venues within geographical regions.

33. Historically, developers of retail schemes have offered anchor tenants space at a peppercorn rent in order to use the anchor's brand to attract additional tenants. This has created a situation where smaller retailers, who are already having their margins squeezed, can see their occupancy costs reach as much as 25% of turnover, whilst the department store is only paying service charges and business rates.

Shopping patterns

34. The period 1998-2009 saw Great Britain's population grow by 3.3 million (5.8%), which gave a boost to annual comparison goods spending of c.£10 billion over the period. However, town centres have not reaped the benefits of this huge increase in retail expenditure.

35. Over the past decade consumers have become more mobile and their attitudes and preferences have changed – they now seek more 'experience' and a greater choice. As a result, trips are now longer - many are made beyond local centres - but fewer in number. Accordingly, there has been a steady concentration of retail activity to the larger destinations – in terms of trips, spend and stores.

36. Many middle ranking and smaller town centres have also seen diversion of retail spend away to out-of-centre shopping - the supermarkets, retail warehouses and retail parks – and online. The consequence is that town centres became squeezed and thus even during the early to mid 2000's, when disposable incomes and retail spending were rising, in-town vacancy rates continued to creep upwards as the multiple retailers in particular down sized their store portfolios and focused on developing fewer but larger stores in the biggest retail destinations. The credit squeeze and the on-set of economic recession then greatly exacerbated what had already become a downward spiral for many high streets. Accordingly, vacancy rates have increased more quickly.

37. With the shopping centre development pipeline having declined rapidly in recent years, the question as to whether there is or will be too much retail space is inconclusive. However, what is clear is that there is now a surplus of in-town secondary retail floorspace, much of which is no longer 'fit for purpose'. In the future, there is likely to be a need for more quality shopping floorspace in high streets, although vacancy rates will remain high or even edge further upwards.

38. In light of the number of key consumer and retail trends described in this section, it is useful to assess the actual extent to which the 'health' of town centres has been affected, thereby providing an indication of the scale of the 'high street' problem. A tool that has recently been developed to do this is the Colliers International Town Performance Matrix (TPM), which compares historical town performance with forecast future performance for 364 town and city centres across Great Britain. From this a segmentation of centres into one of five performance categories has been carried out, as follows:

    - Thriving: Positive historical and future performance.
    - Improving: Negative historical performance, positive future performance.
    - Stable: Low (positive/negative) scores for both historical and future performance.
    - Degenerating: Positive historical performance, negative future performance.
    - Failing: Negative historical and future performance.

39. According to the Colliers TCM c.23% of city/town centres are 'failing' with a further 11% 'degenerating'. Thus around one-third of centres overall appear in need of help and revitalisation – a substantial number which suggests we may be on the verge of a tipping point in the role of high streets as a feature of the economic landscape. However, with one-quarter of city/town centres 'thriving', and a further 3% improving, the data indicates some hope for the future, as well as demonstrating again the diversity of town centres and their different responses to the economic climate.

The drivers of change

40. There are a wide range of influencing factors that have stimulated and affected change on the high street, with influences varying from positive to negative effects. These factors can apply individually and in isolation, but more often present alongside others. This complexity is a challenge to understanding how such factors affect individual high streets, and although some correlations are often evident, causal relationships are harder to establish.

41. The UK retail market has always been a competitive sector – the high street has seen retail brands come and go as their offer no longer met consumer needs. This forms a 'natural order' of churn and replenishment/refreshment of the high street offer, informed by and responsive to the market.

42. However, as well as the natural replacement of redundant retail propositions over the last 10 years, specialist retailers, many independently owned, have been affected by the success of the 'product aggregators', as exemplified by growth over the period of the major grocery chains and online by Amazon and others. Some retailers, such as the entertainment brands, have perished as the digital delivery of their product superseded sales of the physical product; in addition to ferocious competition from purely on-line retailers such as Apple's iTunes; a fate that may soon befall booksellers, as the success of eBooks, particularly through Amazon's Kindle, demonstrates. In essence, some business models are now outdated and are no longer viable in their historic form, whether it be in the high street, shopping centre or out of town.

43. Furthermore, the economic recession has been the catalyst for a shift in consumers' shopping habits with regard to their willingness and ability to spend. Gone are the days of easily accessible credit and conspicuous consumption (with the exception of high net worth individuals, where spending on luxury items is even increasing) – this change in mindset looks set to be permanent, regardless of whether the economy returns to growth.

44. Through application of our analytical framework for the study, we have identified the following influencing factors applying to high streets/town centres:

   - **Externalities** – wider economic circumstances and government policies have played their part in the decline of the traditional high street, despite planning policies designed to protect town centres, including through changing consumer behaviour. At the present time, high levels of retail and landlord indebtedness and public spending cuts are creating a squeeze on consumer spending and household income. Real wages are falling compared with inflation and in many areas, including public services, while credit is more difficult to obtain. Falling real living standards are combining with high energy and utility costs, and volatile commodity prices worldwide, to create a climate of nervousness in which even those consumers with money to spend become more cautious. The latest figures suggest that the index of consumer confidence is at the tenth lowest level since 1974, and has dipped below the benchmark minus 30. On both previous occasions when these levels have been reached (March 1990 and June 2008) the index reflected a period of sustained weakness in consumer confidence and the entry of the UK economy into recession. Other data suggest that consumer spending is expected to contract across 2011, by 1.2%, and then remain largely flat in 2012, all of which is likely to have an impact on high street spending, as well as retail in general.

- **Spatial and physical factors** – Since the 1980s the idea of 'the high street' as the principal shopping area has given way to a much more mixed picture of retail activity. The physical spaces where people shop now fall into a wide range of types, with an increasing bias towards 'prime' locations, whether in city centres or out-of-town retail parks. Large-format stores, accessible by car and where all shopping is done under one roof, dominate the market to the detriment of traditional high streets. This trend is continuing, reinforcing the big-box format as the retail norm.

  The physical format of the linear high street with a variety of shops facing onto the street has been overtaken by the multi-level centre with shops and services clustered around a central space with radial branches, accessed directly from an enclosed or nearby car park. Whether in-town, edge-of-town or out-of-town, the shopping centre format aims to provide customers with everything they need in one place and reinforces the idea of shopping as a leisure activity rather than a necessity. The traditional high street suffers by comparison.

  Access and parking is a major issue, particularly where high streets have been pedestrianised. The literature about the economic impacts of parking on high streets and town centres tends to be focused at the local level, and is not reliably capable of extrapolation beyond this scale. Indeed it is more likely to be expressed in local parking strategies, or local authority decisions on parking policy, than in ex-post evaluative treatments.

- **Market forces and competition** – the changing market share of out-of-town shopping centres, major supermarkets and retail parks etc, in comparison to high streets and town centres, demonstrates that consumers are voting with their feet. In the current difficult economic times, consumers are more demanding than ever and maintaining customer loyalty is an important objective for retailers. Service and ambience also play a valuable role in achieving this.

  In this context, a key question which the literature does not answer is how consumers balance notions of value, and of price. More sophisticated evidence of whether/how much shoppers value the offer of their high street (not just in terms of the price of an item), in comparison to what may be a cheaper proposition from elsewhere, is wanting.

- **Demographics** – There is currently a limited treatment and understanding of the potential impacts of demographic changes on the high street, and on consumer preferences in general. Work on segmenting shoppers/high street visitors, for instance, tends to focus on immediate snapshots of preferences, rather than forecasting. The data offer the greatest insight into the over-65s, and student populations, but it is not conclusive in terms of effects of demographic change, and requires further research.

- **Regulation and legislation** – at the local level, it is evident that 'town centre first' policies have not been sufficient to create thriving town centres and high streets across the board, at least not in the context of other influencing factors. There is an emerging debate about the role of the planning system and its impact on high streets, with some arguing that it is not strong enough and others that it is too heavy-handed.

- **Management** - while the last decade has seen a wealth of town centre management initiatives, local partnerships, development masterplanning exercises and Business Improvement Districts, there is a continuing critique that town centres and high streets are not well managed and as a result are disadvantaged compared with supermarkets and shopping centres.

High streets are clearly difficult to manage. They have a multiplicity of owners and occupiers, often with different requirements. They are public spaces, which have the advantage of being genuinely open to a diversity of activities but the disadvantage of being harder to control when there is disorder or antisocial behaviour.

While there is a consensus in much of the literature that better management is essential to a revival of high streets and town centres, there appears to be little research into its effects over a period of time, or comparisons between towns with and without management initiatives. What we do not know from the available evidence is how much worse things would be on many of our high streets without the action that has been taken. There is no substantive evaluation of town centre management, or particular mechanisms such as Business Improvement Districts BIDs), at the national level. Detailed evaluation at the local level, particularly focusing on return on investment, is limited. These lacuna make it impossible to offer a verdict on how management has ameliorated (or otherwise) high street decline. Close attention needs to be paid to towns where funding for initiatives such as town centre management or Business Improvement Districts has been withdrawn in recent years.

45. Reviewing the various factors that have influenced what has happened to the high street over the last decade and more, the evidence suggests that the key influences relate to the structural changes in the market within which the high street/town centre sits, principally the competition offered by major in-town shopping centres, and out-of-town centres, particularly those including/focused around major foodstores (which are now encroaching on other non-food aspects of the retail offer).

46. The evidence does show a clear correlation between the rise of large-format stores (particularly foodstores) and the decline of smaller, independent high street stores, but it is important not to assume the introduction of one is the cause of the other, or that this is the sole factor impinging on high street performance. On this critical issue the literature is limited, and as a result inconclusive.

47. The case as put by those in favour of high streets/town centres tends to be more narrative in its nature, and characterised by presumptions about the negative impacts of out-of-town vs in-town development, rather than detailed empirical evidence which moves beyond correlation and into causation. On the other hand, more detailed and empirical evidence reflecting the benefits and advantages of out-of-town/edge-of-town developments, or even in-town major shopping centres, is not sufficiently extensive to be conclusive either.

48. A more substantive programme of research, drawing on a number of case studies and gathering primary research data at as close to the national level as possible, could offer a definitive perspective. Such work would need to address such issues, over a period of time, as:

- the performance of high streets and town centres across key metrics including retail spend, vacancy rates, both at an individual level and an aggregate level;
- the impact of high streets and town centres, and out of town/edge of town/in-town centres, on local supply chains and the net additional creation of jobs. Research by the National Retail Planning Forum1 concludes that there is evidence that new food superstores have, on average, a negative effect on full time retail

[1] NRPF Occasional Paper No 2, The impact of out-of-town centre food superstores on local retail employment; NRPF Occasional Paper No 3, The impact of out-of-town centre food superstores on local retail employment – a critique of the Boots study; NRPF Occasional Paper No 4, Superstores and employment in retailing – an overview.

employment, while recognising the potential impact of part-time work. Other research has not found any conclusive evidence of significant positive or negative impacts;

- the multiplier effects of high streets and town centres, compared against out of town/edge of town/in-town centres;
- other more social and cultural impacts of high streets and town centres, compared against out of town/edge of town/in-town centres.

What has been the response to high street change?

49. A wide range of responses to the issue of high street decline have been implemented over the last ten years and beyond, addressing various individual aspects and the challenges of high street performance in the round. These include:

    - *improving the built form and configuration* - town centre masterplanning and public realm improvements have been a staple of attempts to improve and maintain the high street offer for many years. A recent synthesis of the literature on public realm investment demonstrated the considerable difficulty in evidencing a causal and clearly attributable link between public realms improvements and town centre performance. The research suggests though that work of this nature does offer the opportunity for high streets/town centres to improve their offer, although it clearly relies on a range of other factors including the quality of the retail offer in order to have the fullest impact.

      A range of approaches to parking have been adopted by local authorities and others, but on the principal issue of car parking charges there is a distinct lack of evidence, now recognised and being addressed by some key organisations;

    - *the drive for differentiation* - perhaps the principal response from high streets to changing markets has been to emphasise their distinctiveness. In the more successful examples, coordinated work has taken place to demonstrate that the high street has something different to offer and is a place to visit for leisure, culture and specialist shopping rather than for routine purchases.

      The idea of the high street as a different kind of experience that complements rather than competes directly with out-of-town centres and supermarkets has been gaining traction in recent years, while others go further and set out a vision for the high street of the future as a multifunctional destination, with retail playing a part alongside community, public service, leisure, cultural and civic uses. The distinction is that under this vision of the high street, it serves a social function with retail supporting social uses, drawing on the idea of a ‘21st century agora’. This is a reversal of the traditional view that social uses are there to make retailing more competitive. This social function for the high street is already being explored in many areas.

      Other responses include local loyalty schemes and the use of social media, and the encouragement and promotion of traditional markets. While there are examples of each that appear to be having a positive effect, there is limited evidence of direct impact, at what is an early stage in their development and adoption.

    - *policy prioritisation* - major changes are on the way in the regulatory regime for town centres, and much is already being done to use planning law and licensing powers to counter the effects of out-of-town shopping. This includes flexibility of approach to changes of use by local authorities, and the use of existing planning law (the General Permitted Development Order, introduced in 2005, which allows planning approval for 28 days for events or attractions) has been used successfully to create temporary facilities such as ‘pop-up’ shops.

Community and neighbourhood planning is also an area of burgeoning interest, although in most cases it is far too early to say what impact such approaches are having on the high street/town centre, or stand to have in the future.

- *more developed place management* - the key approaches to the management of place in the context of town centres and high streets are town centre management, business improvement districts, and more recently, community interest companies. These management models have provided a mechanism for public/private partnerships to add value to the commercial and social vitality of the area they operate.

  As the sector has become more established and begun to formalise itself, town centre management organisations have been able to provide added value to the traditional work of local authorities and in more recent years have begun to innovate to the benefit of individual businesses and the town centres they operate. The tangible measurement of these benefits has been identified as an area for development, and what these interventions have in common is a lack of focused evaluation and understanding of their impact, particularly in terms of return on investment, both in terms of success in their own right, and their impact on town centres and high streets. Even for well-established, semi-institutional responses such as TCM/BIDs, there is a real lack of evidence around the costs, and benefits, to the high street, of their work, even if the renewal of BID mandates provides compelling evidence of the popularity of such activities

- *other approaches* - there is a definite sea-change in perceptions of what the high street has to offer, with a move away from retail as the prime driver, to a more cultural and social proposition. That sea-change is being reflected in nascent ideas and initiatives which are seeking to match the new philosophy with new business models and approaches to delivery, such as co-operatives, social enterprises, and imaginative use of community assets, local food networks, and events and activities. In common with many of the responses highlighted in the report, there is limited evidence of impact at this stage.

Where next for high streets?

50. In terms of what is currently understood by high street performance, which is a largely retail based perspective, the broad trends are downwards. While the level of town centre retail spending is forecast to be close to flat over the next few years, total retail sales are forecast to grow by 12%. As a share of total retail spend, town centre sales are forecast to continue their current decline, from 43.3% in 2009, to 40.2% in 2014. The levels of town centre retail space, and store numbers, are also forecast to decline.

51. A loss of 8.2% of floorspace between 2009 and 2014 is expected, with store numbers declining by 6.4% across the same period. This is forecast to have an effect on vacancy rates within town centres - from a current rate of 11.9%, the rate is forecast to peak at 12.2% in 2013, before gradually falling back to 11.3% by 2020. The edging down in void rates is due to a forecast slow recovery in consumer spending in 2012 and 2013. However, vacancy levels will not return to historic levels because of the slow long term trend of rising voids. Town centre/high street prime retail rents, on average, are forecast to make only a slow recovery over the next 10 years. By 2018, for example, they are expected to be little different from the rents achieved back in 2008 – a decade earlier.

52. Town centres will continue to be impacted by the growth in supermarket non-food sales and spending online. For example, the grocers' share of non-food sales is forecast to continue to rise, from the 2011 level of 14.3%, to 14.8% in 2014, whilst non-store retail sales as a proportion of all retail sales is forecast to grow from around 10% now to between 12% and 15% by 2016.

53. While there are a range of potentially deflecting factors which might ameliorate these trends, in some cases these factors could in fact exacerbate the negative impacts. Factors include:
    - Localism, planning reform and competition law;
    - business rates and finance options;
    - consumer attitudes to value;
    - more effective place management.
54. While it is too early to point to trends and trajectories for alternative uses of the high street, and there is sparse evidence on their effectiveness, a common factor in many of the new visions and uses that are emerging is a different approach to valuing activity. Social value and the civic use of space are seen as key to populating places that have lost some of their previous functions as places of trade: social exchange becomes as vital a part of the mix as monetary exchange.
55. The extent and significance of such approaches is not currently measured. Some of the criteria used in the healthchecks developed in recent years by BIS, DCLG, Action for Market Towns and others may be helpful here, but until there is a consistent approach to gathering evidence and analysing its importance it will be impossible to know whether new approaches to the high street are working, or even whether more of them are being developed. This illustrates the need for measures that will show not just what has happened in the past, but the impact of the range of responses and alternative approaches that are now being developed.
56. While commentators and analysts have advocated a broader view of the high street as a social space with a range of functions, ways of measuring and assessing high street performance have tended to focus overwhelmingly on retail functions.
57. If the high street of the future is to be different in function from the shopping centre, then different indicators need to be used to measure how well it is doing. If not, a high street that loses branches of multiple stores or has a plethora of shops focused on a particular market segment may be labelled ‘failing’ when it is in fact continuing to serve an important role within its locality.
58. Our research has found gaps in the evidence needed to measure the visions of success that are now being advocated. The following gaps are likely to be of particular importance:
    - the concept of the high street as an economic and spatial entity is not reflected in literature on employment trends or economic value. It is therefore problematic to gauge the full effects of ‘town centre first’ policies or of out-of-town and supermarket development. This also makes it difficult to gauge the social and cultural value of the high street, or to assess the social and cultural costs of high street decline.
    - there is very limited ex-post evaluation of the impact of supermarket/out of town/edge of town developments on the local economy. One potential avenue for addressing this is to go back to ex-ante forecasts generated as part of planning applications/economic impact appraisals, to test whether the assumptions made have been borne out in practice.
    - work on the local value of retail supply chains is limited. The New Economics Foundation has developed a theoretical model and toolkits to measure the ‘local multiplier effect’ of supporting local producers, but there has been limited testing of the approach in practice.
    - there is no standard approach to examining the costs and benefits of different approaches to town centre management and comparing them. The challenge for

TCM/BIDs is to demonstrate not just sustainability of funding and the opportunity to influence services, but to evidence return on investment. In assessing their impact, it should be emphasised that a BID is an investment from which business benefits are expected in return, rather than a levy or tax, and appropriate language should be used accordingly. Identifying how and why a BID would generate such benefits and what the scale of these might be will be important to both local businesses, and policy makers. While the key messages emanating from the Nationwide BID Survey 2010 research show positive responses concerning performance measures on value for money, additionality and benefits to business indicators, more work needs to be done to fully evidence this impact.

- finally, more needs to be done to inform decision makers on the cause and effect of key factors. The fundamental issue with the literature is a localised focus on ex-ante analysis, rather than ex-post evaluation of impact and cause and effect which is capable of being consistently extrapolated to the local level.

59. It is also the case that it would be helpful to policy makers at both the national and local levels to know more about the underlying causes of some of the trends identified in the report. The understanding of exactly why people are leaving the high street, and whether there were circumstances within the control of policy makers that could have prevented this, is very limited.

60. If the weight of evidence points to a long decline in the traditional uses of the high street established over the last century or more, and the emergence of a new ambition for the high street that encompasses much more than retail, we need a different way of collecting evidence to show whether the high street is succeeding or failing.

61. Various approaches to healthchecks are described the report. While these are all helpful, they are not consistent, and to a great extent are still based on a view that a competitive high street is one that competes with prime shopping locations for retail trade. On such a measure, the evidence would suggest that most high streets are on a declining path.

62. The wealth of evidence shows that the high street, while ill-defined, is a complex space that carries a wide range of associations and uses, and is valued (or disliked) by visitors for a host of reasons. The study sets out, for discussion, the basis of a framework that could be used to assess high street performance in future and should help to determine the evidence to be gathered. This builds on the extensive work carried out by a range of parties, including the Association of Town Centre Management (particularly their Milestone model), SkillSmart and others in this field.

63. Four headline key performance indicators (KPIs) are proposed for further consideration, under which could sit a range of measures weighted according to local circumstances. The headline indicators are applicable to all high streets and town centres. By combining them it should be possible for local authorities and their partners to judge whether a high street is succeeding, failing, stable or in transition, and have a better understanding of why this is the case.

    - **Key Performance Indicator – footfall**: Footfall is the key to understanding a place. The measurement of footfall should gauge the number and frequency of visitors to the area defined locally as the high street or town centre, not just visitors to shops or particular attractions. It needs to measure seasonal variations, and variations at different times of day – is the high street used only during traditional working hours, or does it also have an active night-time and weekend economy? Importantly, footfall is not just a reflection of retail strength, although of course this is likely to be a key driver, if not the key driver. Other uses can be critical footfall drivers, such as public services (a health centre for example) or major businesses (with employees using the high street to come and go). So a footfall indicator would require a set of locally chosen sub-indicators, including: length of stay, number of places visited, and frequency of visits

- **Key Performance Indicator – consumer and business satisfaction**: To measure whether high streets are serving the social and community purposes envisaged for them as well as their traditional retail functions, we need to measure users' satisfaction. Do they like what they are finding and will they come back for more?

  Satisfaction scores can differentiate between types of users (residents, local workers, visitors) and also how they use the high street (are they traders, shoppers, employees?) Are they there for a night out, a quick purchase, or for an event or attraction?). They can also drill down into why people are satisfied or dissatisfied, measuring views on cleanliness, accessibility, signage, variety of facilities and more. They might also include indicators which have a material effect on satisfaction, such as safety and occurrence of crime, or perceptions thereof.

  The views of businesses in the high street and town centre on a range of issues need to be better understood. Gathering information from businesses might also enable local authorities/Town Centre Management (TCM) functions to develop a more sophisticated understanding of business needs and concerns – perhaps at some point informing a town centre business plan.

- **Key Performance Indicator – diversity**: a successful high street can be determined by the range and variety of facilities on offer and the diversity of uses and users. The more there is to offer, the more people are likely to visit, so diversity is a driver of footfall. But it can also be a product of footfall as new activities spring up to cater to growing numbers of visitors. On its own, diversity is not a measure of success or failure. A town such as Hay-on-Wye, for example, might see a cluster of bookshops as an indicator of success. A concentration of betting shops or charity shops might be deemed an indicator of a problem in other areas. However, a diversity indicator measures the range of potential destinations or attractions, and can also indicate resilience and adaptability: a high street with a wide range of uses is less vulnerable to technological or fashion changes that could lead to the loss of particular markets.

  Diversity also measures non-commercial activity that is missing from current assessments of high street performance. The presence of a Citizen's Advice Bureau or library can be as important in drawing footfall as a café or fashion store; the use of buildings as student accommodation could indicate a viable market in convenience shopping. Other, more cultural and social aspects of a high street's draw need to be considered, although as we have already noted, greater thought is required on precisely how this should be approached before moving to the point of developing KPIs for measurement.

- **Key Performance Indicator – economic activity**: An indicator of economic activity sits alongside the other three headline indicators to show the success of the high street as a commercial entity and to inform investment decisions. Economic activity is not just shopping or retail turnover and value. It will include other high street business activities (solicitors or architects, for example) as well as the use of buildings for residential lettings and the existence of leisure trades such as pubs and clubs. An economic activity indicator would need to measure consumer spend; non-retail business turnover; business sectors represented (including social enterprises);and new investment and development activity.

  There are likely to be better indicators of the full picture of high street activity than property-related indicators such as rental values and yields, or the number of vacant units (although these are useful in measuring demand for space). Importantly, a wider understanding of the local economy would be helpful in setting these data in context, in particular the ability to compare spend in-town with spend in out-of-town/edge-of-town centres in a local area.

64. The above suggestions should help those involved in managing high streets and town centres. But they should not be considered and treated in isolation from the other centres with which the subject high street/town centre competes. Some element of comparability is fundamental to a more developed understanding of the relative roles, strengths and weaknesses, and impacts on each other of such developments.

65. There is an important debate to be had about how such a set of indicators can be developed in a way that is both locally useful and nationally comparable. Not all local ambitions for high streets will be identical, so a benchmarking approach of comparable locations may be more useful than a 'league table' approach.

66. While a national picture of high street performance will be useful to Government and to institutional investors, a set of indicators that can be weighted and determined locally is likely to be more helpful to local authorities, Chambers of Commerce and local communities. A scoresheet or traffic light approach might be a helpful way forward. This would allow each high street to be judged according to local expressions of the headline indicators, while the headline findings could be aggregated nationally, indicating trends in footfall, diversity, satisfaction and economic activity.

67. Linked to these KPIs there is a strong case for more sophisticated approaches to defining strategies, objectives and targets for high streets based on a more collective business planning approach. Out-of-town centres/in-town shopping centres commonly have highly sophisticated mechanisms (as well as resources such as asset and property management teams) for understanding and addressing their catchment markets which are assembled and utilised on behalf of occupiers, but in the high street this level of 'business planning' support simply does not exist – each business is pitching into a catchment market on which there is a variable level of understanding and data. There is perhaps a role for a more developed TCM function, overseen by the local authority with its wide understanding of the local economy and catchment, and embracing property owners, to facilitate the development of such business planning at the high street/town centre level, thus giving retailers and others the opportunity to compete more equitably.

1 Introduction

1.1 Study purpose

GENECON, leading a multi-disciplinary team from Colliers International, GJR Consulting, and Urban Pollinators, was commissioned by the Department fot Business, Innovation and Skills (BIS) to provide a review of the available research and analysis of the drivers and barriers which impact on the economic and social performance of high streets, in order to provide an independent and robust evidence base.

The brief for the commission recognised that initial exploratory work had identified a plethora of reports and analysis, and that the study was required in order to identify the key issues that the public, private and third sectors need to take into consideration when taking action or investing in high streets.

The intention of the study is that it will inform central and local government decision making regarding town centres, high streets and local economic growth. It is also intended to be a key input to the Independent Review of the High Street led by Mary Portas.

1.1.1 Key objectives

The key objectives of the study were to consider what the evidence had to offer on the following lines of enquiry:

- to consider the role high streets and town centres play in local economies and the impact of declining high streets on local economies, with extrapolation of future trends based on key indicators;
- to analyse the evidence base over ten years of key economic and industry trends relating to shops and other high street businesses extrapolated to project future trends;
- analysis of consumer motivations for choosing town centre, edge of town, out of town or online and what will drive consumers to use their high street in the future;
- assessment of the importance of key individual drivers and barriers to a thriving town centre;
- advantages and disadvantages of in town, edge of town, out of town and internet provision, from the perspective of Local Authorities, property developers/owners, commercial and non-commercial enterprises, consumers and the supply chain. Impact of different forms of town centre management and strategies, supported by illustrative case studies. This would include the roles of business, third sector and Local Authorities in local partnerships and strategies. This includes Business Improvement Districts, appointment of Town Centre Managers, and other local partnerships;
- identification of the main gaps in the evidence base and recommendations for further research; and
- to provide a data bank of case studies illustrating good practice.

1.2 An analytical approach to the evidence

The literature on high streets is sizeable and diverse. It ranges from quantitative data relating to various aspects of high street ‘performance’ (historical, current and forecast), to enquiries into very specific aspects of life and changes on the high street in terms of drivers such as: planning; management; attractions; accessibility; amenity (such as streetscape and public space); technological change (online shopping, banking etc.); and marketing and promotion.

Clearly, treating an evidence base of this size and disparity required a systematic approach to the analysis. The study team considered the advantages and disadvantages of a range of analytical frameworks, including PESTL (Political, Economic, Social, Technological and Legal), Porter's 5 Forces, and SWOT (Strengths, Weaknesses, Opportunities, Threats). The study team took the view that none of these frameworks could be applied to the evidence in a way which completely captured the wide range of influences on performance that occur on the high street. A bespoke analytical framework was therefore developed, based on an initial review of the evidence, and which was modelled on and not dissimilar to the PESTL approach.

This framework includes:

- ***externalities*** – high streets are influenced by externalities that are generally outside user/occupier control. These might include macro-economic factors such as the recession/loss of consumer confidence, or centralised decision-making by property owners/retailers, but also micro-economic issues such as the loss of a major employer and its consequential impact on a local area;
- ***spatial and physical factors*** – high street performance is affected by factors such as the development of new residential areas or demographic changes; changes to the physical environment; accessibility related to car access and car parking and cycle/walking friendliness; amenity in terms of streetscape, public space and private/public space;
- ***market forces and competition*** – the development of the high street is undoubtedly affected by the emergence/presence of competitive alternatives to the high street, through a range of channels;
- ***demographics*** – changing demographic trends are likely to have important implications for our high streets. There are implications related to the impact of factors such as: ageing populations; transient populations such as students/immigrants; and the socio-economic catchment/level of disposable income that influence the face of high streets;
- ***regulation and legislation*** – a range of regulatory and legislative policy initiatives have impacted on high streets/town centres including planning policy and licensing legislation and the introduction of financial incentives;
- ***management*** - the management of high streets has the potential to affect change and can contribute to the differential impact of certain factors or events.

This analytical framework was particularly pertinent to our analysis of influencing factors (Section 5), and also informed our approach to analysing the responses to the impact of these factors (Section 6), although characterising the very wide and disparate range of responses under the framework proved to be unhelpful. Nevertheless, in terms of its general application to understanding change, and the drivers of change, on the high street the framework offers an appropriate and helpful tool.

1.3 Structure of the document

This report is structured as follows:

- in Section Two, we consider how the evidence defines a high street, and propose a typology that reflects the most appropriate way to consider the available literature;
- in Section Three we discuss approaches to valuing or assessing the economic and social impact of high streets;

- in Section Four we set out the story of what has happened on our high streets over the last ten years – drawing on a range of primarily quantitative data;
- in Section Five we discuss what the evidence has to say about why these changes have occurred, and identify the key factors that have influenced change;
- in Section Six we consider what the evidence tells us about the policy and practical responses to these changes and influencing factors have been, from a range of parties;
- in Section Seven we consider the evidence on the future trajectory of high streets, and identify a range of approaches and measures, including key performance indicators (KPIs), that might help those concerned with our high streets to more effectively understand and manage them;
- in Appendix I to this study we provide a range of case studies illustrating what we consider to be good practice in responding to some of the challenges facing our high streets.

2 What are high streets?

Key evidential findings

- **Whilst there are commonly accepted definitions of the components of a high street/town centre derived from a range of sources, the evidence does not offer a commonly accepted definition of the 'high street' in its own right. In much of the evidence, references to the high street are quickly superseded in both commentary and analysis by the unit of the town centre (foreshadowing the challenges with data collection and analysis noted in Section 3). In response, the study has identified a functional definition of high streets/town centres in order to more effectively analyse the literature.**

2.1 Towards a definition of high streets

2.1.1 Places of great variety and complexity, which is reflected in performance

Town centres and high streets are characterised by considerable diversity and complexity, in terms of scale, geography and catchment, function and form. No two town centres or high streets are the same. As a result, the way in which they are affected by and respond to change is diverse and varied. Depending on their internal characteristics, including general economic resilience, changes that would constitute a death knell to one town centre might bring positive outcomes in another.

The complexity of town centres and high streets, and their diversity, poses a significant challenge to their analysis and research, especially at the national level. Comparative studies adopting a consistent approach are few. This complexity also points to the need for bespoke, rather than generic responses, to high street revival.

2.1.2 The inter-changeability of terms and definitions – common components of a high street/town centre

There is common inter-changeability of terms, and definitions, of high streets and town centres. The UK has more than 5,400 places named 'High Street' and many other high streets exist in everything but name[1]. This explains, in part, why the language of policy and research commonly does not distinguish between high streets and town centres, and indeed the two terms are commonly blurred and inter-changeable[2].

There is a common agreement that certain components form part of a 'typical' town centre or high street, and this offers a helpful pointer to their identifying characteristics, regardless of definition. It is perhaps easier to think of defining town centres/high streets through their characteristics and components, such as:

- leisure, retail, entertainment and cultural facilities;
- business, office and other employment opportunities;
- public and private services;
- residential opportunities;
- high density, mixed-use and sustainable developments;
- quality, design, sense of place and focus on public realm; and,

[1] BIS, Healthy High Streets? A healthcheck for high streets and town centres, 2010
[2] For example, British Retail Consortium, 21st Century High Streets: a new vision for our town centres, 2009, p,6; The Scottish Government, Literature Review: Policies adopted to support a healthy retail sector and retail led regeneration and the impact of retail on the regeneration of Town Centres and Local High Streets, 2009, p.7

- a place for the local (and other) community[3].

These are similar to a recent suggestion provided by the Association of Town Centre Management (ATCM) and British Retail Consortium (BRC)[4], which built on work done in the mid-1990s for the Department of the Environment (now the Department for Communities and Local Government)[5]. This suggests the common characteristics of a high street/town centre include:

- a retailing centre that serves the needs of the local community;
- leisure, entertainment and cultural facilities;
- public and private sector services;
- an employment and business sector;
- accessibility by a choice of transport;
- the perception of the local community that the place in questions is their town centre.

Unpublished research by BIS to inform this study sets out a proposal for the economic characteristics of the high street, and this develops helpfully some of the more component based definitions above:

- a wide-ranging number of large and smaller independent shops offering consumers similar but slightly differentiated goods and services;
- the type of shop varies according to high street location: larger retailers including the main chain stores tend to be based in primary street locations where the business environment is more attractive and footfall is comparatively greater. Smaller, independent shops catering for more niche markets tend to be found in secondary street locations where the business environment may be less attractive and footfall lower[6];
- there may be critical mass/ network externalities associated with high street activity. The interdependence which may exist between different retail outlets, leisure facilities and public amenities in the high street may mean that a certain number of shops may need to be maintained in order to sustain high street activity. Such activity may depend on the presence of a major anchor retailer;
- there may be high levels of intangible investment in the high street associated with branding and marketing;
- high street activity is localised and there may some overlap in catchment area with neighbouring towns and villages. As a result, there may be some displacement if the development of one town centres attracts visitors away from nearby areas.

The BIS paper goes on to define some of the specific activities and facilities which might be found in the high streets, such as:

- non-specialist retailers (food and non-food);
- specialist retailers (food and non-food);
- retailers of repair services;
- retailers of other personal services (e.g. hair and beauty);
- food and restaurant outlets;

[3] Ibid.
[4] British Retail Consortium, 21st Century High Streets: a new vision for our town centres, 2009
[5] URBED for the Department of the Environment, Vital and Viable Town Centres: Meeting the Challenge, HMSO 1994
[6] Verdict (2011) *UK Town Centres 2011*

- real estate activities;
- recreational activities (e.g. cinemas, theatres and leisure facilities);
- public amenities (e.g. museums and libraries).

One of the challenges, as we shall see, is in obtaining data relating to the presence and performance of some of these activities and facilities.

Defining town centres and high streets in terms of these components and characteristics helps to capture and reflect the diversity of scale, form and function that can be seen across England. It does not however mitigate the challenge that much of the published data available on performance (especially but not exclusively retail) is only available at the town centre level, rather than the level of the high street.

2.1.3 *Policy definitions*

A useful starting point for framing the concept of the High Street is the definition set out in Planning Policy Statement 4: Planning for Sustainable Economic Growth (2009). This defines four levels of centre as follows:

- city centres are the highest level of centre identified in development plans. In terms of hierarchies, they will often be a regional centre and will serve a wide catchment. The centre may be very large, embracing a wide range of activities and may be distinguished by areas which may perform different main functions. Planning for the future of such areas can be achieved successfully through the use of area action plans, with masterplans or development briefs for particular sites. In London the 'international' and 'metropolitan' centres identified in the Mayor's Spatial Development Strategy typically perform the role of city centres.
- town centres will usually be the second level of centres after city centres and, in many cases, they will be the principal centre or centres in a local authority's area. In rural areas they are likely to be market towns and other centres of similar size and role which function as important service centres, providing a range of facilities and services for extensive rural catchment areas. In planning the future of town centres, local planning authorities should consider the function of different parts of the centre and how these contribute to its overall vitality and viability. In London the 'major' and many of the 'district' centres identified in the Mayor's Spatial Development Strategy typically perform the role of town centres.
- district centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.
- local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre.

Clearly, this typology does not explicitly reference 'high streets' per se. Even within the definitions of types of location high streets are not referenced explicitly – although 'primary shopping areas' may be regarded as a proxy (especially given that edge-of-centre, out-of-centre, and out-of-town locations are explicitly defined).

2.1.4 *Functional definitions for high streets*

In order to identify and analyse the literature, the study team developed a functional definition of high streets/town centres, drawing principally on their role in serving and attracting catchments and markets. In particular, this typology has omitted certain types of centre, arguing that these are of a scale (both too large and too small) that means that the term 'high streets' is not an appropriate frame of investigation or analysis. These exclusions are city centres and local centres. As with the Department for Communities and Local Government typology set out in Annex B of Planning Policy Statement 4, small parades of shops of purely neighbourhood significance are not regarded as centres/high streets for the purposes of this research.

The typology developed in this study is as follows:

- high streets in multi-dimensional town centres serving primarily sub-regional markets and driven by catchment and geography. These offer functions such as the provision of labour, a location for business, and an environmental asset;
- high streets in 'destination' town centres, where the driver of use can be considered to be a specialist appeal or a particular product and where retail and service provision predominates over the functional roles;
- service centre high streets in suburban districts that are serving more localised residential catchments.

A fundamental aspect of our approach to identifying good practice case studies and considering what they tell us about impacts of change and responses to them, has been to think about the catchment of 'consumers' that they serve. In essence, we have identified town centres/high streets that function through offering a service to:

- local residents - the vast majority of town centres service the needs of residents in a primary catchment, whether that be through central shopping areas, or town centres in suburban areas – although in some cases residents may change their allegiance to out-of-town centres for preference. This interaction with the high street/town centre includes the night-time economy as well as during the day;
- the workforce - many town centres/high streets draw on the local workforce as a key segment of trade and activity. Primarily, this involves workers using the retail and service offer at lunchtimes and after work, or simply taking some time away from the office;
- visitors/tourists - a number of towns have a very specific visitor/tourism focus, often based on a unique selling point. This could include geographic natural advantages (gateways, seafronts etc), or be linked to a distinctive theme that appeals to modern culture and leisure interests, for example, Ludlow 'slow town'; Stratford-upon-Avon and the Royal Shakespeare Company; Hay on Wye 'book town'; Haworth and the 'Bronte Country' brand.

Clearly our typology provides just one interpretation – further work to establish a clear and definitive classification of high streets and town centres for the purposes of policy development and further research would be beneficial.

3 Valuing the high street/town centre

Key evidential findings

- **The importance of the high street is reflected in planning policy since the mid-1990s, particularly the presumption of 'town centres first'. This approach has received bi-partisan support since its development, and is retained under the emergent National Planning Policy Framework.**
- **While the high street/town centre is a driver of local economic performance, it can also reflect local (and wider) economic health and well-being.**
- **There is limited evidence analysing whether high street performance influences socio-economic indicators, and the evidence does not confirm whether decline in high street performance has a detrimental impact on social and community well-being in its wider area. This is a gap in the evidence that might be addressed through primary research.**
- **The economic value of high streets is not well understood, although it is presumed within the literature that the impacts are instinctively positive. It is therefore especially difficult to compare value against out of town developments. While such developments are normally subject to ex-ante assessments of potential effects on high streets/town centres, they are rarely subject to ex-post evaluation.**

3.1 Introduction

High streets often have an historic/emotional resonance with the communities they serve, and planning and economic policy goes further in confirming and promoting the economic and social value of high streets. In the long historical policy context of 'town centres first' in making land use decisions particularly focusing on retail activity, there is an established presumption that high streets and town centres have determinable economic and social value that warrants policy attention. The following narrative explores the evidence underpinning this presumption.

3.2 Planning priority

The history of planning policy and legislation from the 1970s is a useful proxy for the importance ascribed to high streets and town centres. Until the mid-1970s almost all retail floorspace development was in city, town, district and local centres – with supermarkets and retail warehouses beginning to look for larger, more accessible developments outside centres.

As set out in an All Party Parliamentary Group Report[7], by the late 1970s, 40% of new retail floorspace developed was outside town centres, with the first major shopping centre outside a town centre developed at Brent Cross in North London. The 1980s saw a rapid acceleration of new floorspace outside existing high street and town centres (reaching 60% by 1984) and the relaxation of planning policy in 1985, with a presumption in favour of such development, led to a series of proposals for out-of-town centre developments.

Between 1986 and 1990, four major regional centres opened: the Metro Centre near Gateshead, Merry Hill near Dudley, Lakeside near Thurrock and Meadowhall in Sheffield – together accounting for over 5 million square foot (465,000m^2) of new retail space. By 1989, over 75% of new retail floorspace was out-of-centre reaching an all-time high in 1994 of 86%. This period has been described by the ATCM as a time when the high

[7] All Party Parliamentary Group on Town Centres, January 2011

street was allowed to fall into 'dereliction', with vital commercial and community services lost in the process[8].

During the 1990's there was a growing concern and emerging body of literature on the negative impacts of large out-of-town shopping centres on surrounding town centres and high streets, but also of large supermarkets on market towns[9]. In response, the importance of the high street/town centre was restated and reclaimed through Planning Policy Guidance 6 in 1996[10], which brought in more stringent regulations on the size, location and type of retail developments. This promoted development in town centres through requiring developers to select town centre sites or, if proposing out-of-centre developments, to demonstrate that they could not find a more central site (the sequential test). This has become known as the 'town centres first' approach.

Nevertheless, between 1997 and 1999, five major out of town centre shopping centres opened: Bluewater, near Dartford; Cribbs Causeway, Bristol; White Rose near Leeds; the Trafford Centre in Greater Manchester; and Braehead, Glasgow. However, some planning permission refusals such as at Duxford, near Cambridge signalled a turn back to focusing again on town centres.

Between 1999 and 2003, eight large in-town shopping centres opened, accounting for some 6 million square foot (560,000m^2) of retail and leisure space. Indeed, CB Hiller Parker were reporting in 2001 that over 90% of shopping centre development was in town centre located schemes, with 85% of sites under construction in urban centres and representing a new wave of 'retail centralisation'[11].

Since then, the 'town centre first' approach has been reinforced through Planning Policy Statement 6: Planning for Town Centres (Office of the Deputy Prime Minister (ODPM) now the Department for Communities and Local Government (DCLG), 2005); Planning Policy Statement 4 – Planning for Sustainable Economic Growth (DCLG, 2009), and supplemented by guidance from DCLG/DCMS on town centre management[12].

The 'town centres first' approach can be said to be bi-partisan, and with considerable consensus from key elements of the planning community (the RTPI for example). The original policy was implemented by a Conservative Government, with continued emphasis from the Labour Government of 1997-2010. Now, under the Coalition Government, the 'town centre first' approach is back on the policy agenda with the development of the new National Planning Policy Framework (NPPF). The government has stated it remains firmly committed to retaining the town centre first approach within the NPPF[13].

3.3 Economic and social value

Clearly, the enshrinement of the 'town centres first' approach in policy and guidance reflects a perception that the town centre/high street is a force for economic and social good. This is supported by extensive literature from a range of public and private, academic and representative organisations:

"The town centre must be recognised as a vital engine of economic growth."[14]

"Town centres are a social and economic centre for everyday life."[15]

"High Streets are at the heart of communities and a weathervane of local economic prosperity."[16]

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[8] ATCM, National Planning Policy Framework Consultation Response, 2011
[9] Schiller,R, Town-centre Winners and Losers, Estates Gazette, 1996
[10] Department of the Environment, Planning Policy Guidance 6: Town Centres and Retail Developments, 1996
[11] CB Hillier Parker, Shopping Centres in the Pipeline, 2001
[12] DCLG/DCMS, Looking After Our Town Centres, 2009
[13] e.g. Greg Clark, Reforming Planning for Future Generations, in Huffington Post, 5th August 2011
[14] Association of British Chambers of Commerce, Centre of Excellence, 1998
[15] New Local Government Network, High-Noon for the High Street?, 2009

As these statements demonstrate, within the existing literature there is a presumption, albeit not fully supported by evidence, that the health of the high street/town centre is a key driver for local economies. It is also the case that the decline of a high street may be a symptom of wider economic and social problems within a local economy, rather than a causative factor of that decline.

3.3.1 Valuing high streets – the methodological challenges

Attempts to measure the economic value of individual high streets and town centres are few and far between. Although some do exist at varying scales these largely focus on limited available national data and tend to be retail focused[17] - a challenge that frequently occurs across the evidence base.

A synthesis at the national level does not exist. Some of the challenges include (and are also applicable to understanding the economic impact of foodstore/supermarket developments):

- a lack of before and after assessment, that leads to conclusions that are more anecdotal than empirical; and,
- no control scenario to compare the effects of change/development in terms of the situation had nothing happened – the counter-factual case.

A study published by the Office of the Deputy Prime Minister in 1998[18] noted that, in the context of determining planning applications for large foodstore development and developing policies to safeguard the vitality and viability of market towns and district centres, 45% of local authorities considered that retail and transport impact methodologies were inadequate. There were also concerns about the objectivity of assessments, the lack of reliable base data and the ease with which variables could be manipulated.

In our view, these challenges are equally applicable (or even more applicable, given the complexity and scale of high streets in comparison to individual stores) to the quantification of the value of high streets as they are to the assessment of the impact of out-of-town or in-town foodstores and supermarkets on high streets. While further work has been done to quantify the latter[19], we are not aware of attempts to do the same for high streets/town centres, in the round, other than one example[20]. This found that:

- there is a lack of research on the economic, social and environmental benefits of town centre retailing (including no evidence of quantitative research during the development of PPG6);
- there is evidence of the role retail activities can play in regeneration initiatives, including neighbourhood and town centre regeneration, by offering employment and training opportunities – especially in entry-level jobs;
- the idea of the catalytic effect of town centre retail development is ‘intuitively appealing’ and is supported by some case study evidence;
- modelling based on 2001 Census data suggests strong evidence that town centre developments employ a significant number of people from disadvantaged areas;

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[16] Business in the Community, Future High Streets – Businesses going local, 2011
[17] See, for example, Yorkshire Forward, Assessing the economic performance of rural capitals in Yorkshire and the Humber, 2008;
[18] ODPM, The impact of large foodstores on market towns and district centres, 1998.
[19] Wrigley et al, Revisiting the impact of large foodstores on market towns and district centres, University of Southampton, 2010
[20] Regeneris Consulting, Economic and social impacts of town centre retailing, 2008.

- based on a study of three in-town shopping centres in Southampton, Solihull and Reading, the authors calculated a net increase in town centre employment with between 78% and 91% of jobs being net additional;
- in-town investment had a catalytic effect in the case study areas, doubling the number of planning applications in the year following the opening of a new centre. This upsurge in planning applications continued in subsequent years (although this evidence is prior to the recession);
- the study argues such catalytic effects would be greater in less affluent areas.

This study appears to constitute the most developed understanding of the social impacts of town centre retailing, rather than general town centre vitality. Although informative, it still lacks an assessment of the wider social impacts of the high street/town centre, and it cannot be regarded as a definitive view given the limited sample of case studies.

It is also the case that, although the town centre first approach provides for statutory economic impact assessments of all out-of-centre retail development, which consider the likely impact on surrounding retail centres, there is no obligation to carry out ex-post evaluation of actual impacts, particularly on the existing high street.

As we note in the following section, the data available to value high streets and town centres is largely focused on retail performance, with insufficient treatment of non-retail activities[21], and especially wider social and cultural aspects. While there is a considerable body of work emerging on social valuation[22], most of the application is to public services and voluntary activity, rather than social value created as a result of commercial activity, another gap in the evidence.

This gap, and limited data on the impact of the potentially changing role of the high street (recognised by a large number of stakeholders[23]), is a clear deficiency. Data relating to the social, cultural or heritage offer of high streets and town centres is very limited - a new methodological approach for analysis, and primary research, is required in these areas to fully understand the role and place of the high street within communities[24].

3.3.2 *Valuing high streets in comparison to out of town/edge of town centres*

While these lacunae remain, it is also important to note that by implication, the evidence does not allow for an economic comparison of the value and impact on local economies of high streets/town centres, set against out-of-town/edge-of-town/major in-town shopping centre developments. While some work has been undertaken at a localised level of the relative merits of each kind of development, our research has not identified any substantial comparative treatments.

The evidence is extremely limited when it comes to making an assessment, particularly from the consumer perspective but also that of local authorities, of the impact of the counter-factual i.e. how would they respond if, in ten years time, the high street/town centre had declined beyond rejuvenation. Work of this kind, including hedonic valuation, might be helpful in allowing government and its partners to truly quantify, in the broadest

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[21] GLA Economics, Retail in London, 2006 is one example
[22] See for example, G, Mulgan, Measuring Social Value, Stanford Social Innovation Review, 2010; E. Diener and E. Suh, Measuring Quality of Life: Economic, Social and Subjective Indicators, Social Indicators Research, 40, 189-216, 1997; Claudia Wood and Daniel Leighton, Measuring social value: the gap between policy and practice, Demos, 2010; Cabinet Office/Office of the Third Sector, Social Return on Investment – an introduction, 2009; Cabinet Office/Centre for Public Scrutiny, Measuring what matters, undated; The Bill and Melinda Gates Foundation, Measuring and/or estimating social value creation: insights into eight integrated cost approaches, 2008.
[23] For example, British Retail Consortium, 21st Century High Streets: a new vision for our town centres, 2009, Action for Market Towns et al, The 21st Century Agora, 2011
[24] Mean and Tims, People make place: Growing the public life of cities, 2005; Joseph Rowntree Foundation, The social value of public spaces, 2009

sense, the value of high streets and town centres, and to compare their relative economic impacts to other forms of development.

4 High street changes and recent trends

Key evidential findings

- **The data available to quantify economic performance/health of the high street are pertinent to town centre level (or above) but rarely below – even in local studies. In the case of the latter, it is rare to find historical performance comparisons.**
- **High street/town centre performance tends to be considered primarily through the lens of retail performance. While recognising that this does not adequately reflect the diversity of the high street, this is the most practical approach given the constraints of the data available.**
- **Over the past decade consumers have become more mobile and their attitudes and preferences have changed – they now seek more 'experience' and a greater choice. As a result, trips are now longer - many are made beyond local centres - but fewer in number. Accordingly, there has been a steady concentration of retail activity to the larger destinations – in terms of trips, spend and stores.**
- **The period 1998-2009 saw Great Britain's population grow by 3.3 million (5.8%), which gave a boost to annual comparison goods spending of c. £10 billion over the period. However, town centres have not reaped the benefits of this huge increase in retail expenditure.**

4.1 Introduction

Over the past 10 years, both the UK economy and its retail market have experienced significant change. Whilst the recent economic recession has impacted greatly on the retail market, a long term structural shift in the way we shop has been occurring, as a result of ongoing change in consumer behaviour, technological advances and the emergence and growth of new retail concepts and formats.

These factors and others are explored in more depth in Section 5 of this study. In this section, we analyse the actual performance of high streets and town centres based on the evidence available.

4.1.1 A note on the evidence

It is important to note that the evidence available and utilised in an attempt to quantify the economic performance/health of the high street are, in fact, pertinent to town centre level (or above), and rarely below – even in specifically local studies. In the case of the latter, it is rare to find historical performance comparisons. This is a severe limitation of the data (although not unexpected).

It is also important to note that the study team recognises that high street/town centre performance is not solely a reflection of retail performance. In this section we consider other aspects which can be said to reflect on the vitality and vibrancy of the high street as a whole.

However, it is fair to say that the vast majority of the data, especially that available for the purposes of providing an overview at the national level, are heavily biased to retail indicators. Data on aspects of high street vitality such as cultural, heritage and leisure uses is very limited, for example. This is a weakness of the data which we recognise, and address in the concluding section.

The assessment of what has happened on the high street over the past decade firstly considers non-retail uses and then focuses in more detail on the key use of retailing.

4.2 Changing representation of non-retail uses

Although town centres are normally viewed as hubs of retail activity they often contain a wide range of other uses, such as services, offices, residential and public buildings. High streets themselves typically have a higher representation of retail uses, because in many towns, particularly those without a purpose built shopping centre, they usually form the primary shopping area, where national planning policy[25] encourages retail development to be concentrated.

Whereas the dominance of retail uses within town centres has encouraged a number of private companies to enter the market for providing data (see Section 4.3), non-retail uses remain largely outside their coverage and national, time-series data sets are rare.

4.2.1 Services

Services embrace a wide range of different activities. In section 4.3 below, the representation of service uses within town centres as a whole is considered, whilst the focus here is on quantifying the changing popularity of different types of service uses over time.

Looking back over the past decade or so, research undertaken by Colliers International, drawing on data from Retail Locations[26], indicates that multiple service outlets have remained a material component of town centre activity, but that overall numbers have fallen by around 8% (Table 1). However, these figures do not take into account independent services.

Table 1: Number of Multiple Service Outlets by Hierarchy of Centre, 1998-2010

Year	Regional Centre	Sub-Regional Centre	Town Centre	District Centre	Total
1998	6,434	12,068	11,977	5,190	35,669
2010	6,283	11,113	10,674	4,686	32,756
Absolute Change 1998-2010	-151	-955	-1,303	-504	-2,913
Percentage Change 1998-2010	*-2.3*	*-7.9*	*-10.9*	*-9.7*	*-8.2*

Source: Colliers International and Retail Locations.

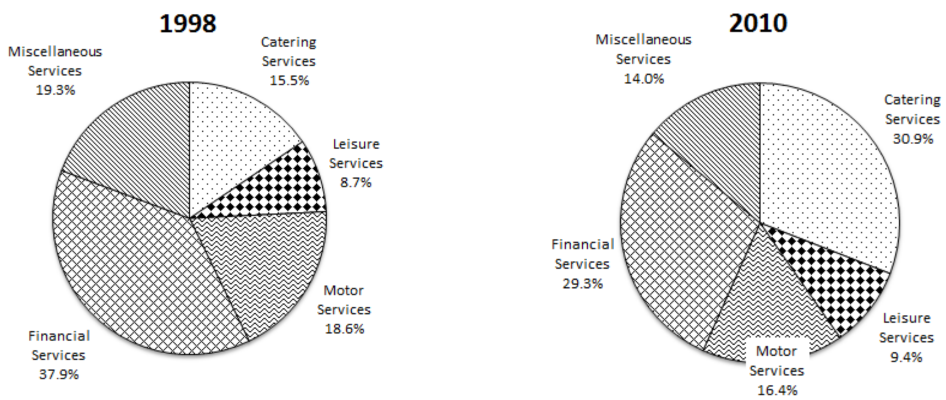
A closer examination of the Retail Locations data highlights a number of key trends by category of multiple service. For example, there has been a huge proliferation in the number of food & beverage (catering) outlets in town centres since 1998 (up 4,593 or 83.3%), whilst numbers for all other categories of service have fallen; leisure (down 28, 0.9%), motor (down 1,331, 19.9%), finance (down 3,921, 29.0%) and miscellaneous (down 2,226, 32.5%).

Reflecting these changes, the composition of multiple service outlet provision in town centres has changed dramatically since 1998 (Fig 1). During the late 1990's food & beverage (catering) outlets accounted for, on average, 15.5% of all multiple service outlets, but this proportion has now doubled to 30.9%. Leisure services have also improved their representation from 8.7% to 9.4%. In contrast, the share of outlets taken up by financial services has dropped from 37.9% to 29.3%, whilst the share of motor and miscellaneous services has also fallen. This data is disaggregated by hierarchy of centre in Table 2. It shows that food & beverage (catering) outlet representation has soared ahead at all levels of the retail hierarchy, whereas motor, financial and miscellaneous

[25]DCLG, Planning Policy Statement 4: Planning for Sustainable Economic Growth, 29 December, 2009.
[26]Colliers International, Has the Death of the High Street Been Greatly Exaggerated?, Autumn 2010.

service uses have seen major retrenchment across all sizes of centre. Leisure outlets has increased their representation within the larger Regional and Sub-Regional Centres, but experienced falls in the smaller Town and District Centres.

Figure 1: Share of Multiple Service Outlets in Town Centres by Broad Category of Goods, 1998 vs 2010, All Centres



Source: Colliers International and Retail Locations.

Table 2: Share of Multiple Service Outlets in Town Centres by Broad Category and Hierarchy of Centre, 1998-2010.

Hierarchy of Centre	Catering		Leisure		Motor		Financial		Miscellaneous		All Services	
	1998	2010	1998	2010	1998	2010	1998	2010	1998	2010	1998	2010
Regional Centre	22.0%	43.7%	8.3%	11.2%	15.0%	11.6%	37.4%	23.7%	17.4%	9.8%	100%	100%
Sub Regional Centre	17.5%	33.5%	8.1%	9.6%	18.1%	15.3%	37.0%	28.2%	19.4%	13.4%	100%	100%
Town Centre	12.3%	24.3%	9.1%	8.7%	22.2%	20.6%	36.2%	30.0%	20.2%	16.4%	100%	100%
District Centre	10.1%	22.7%	9.6%	8.0%	16.9%	15.6%	44.6%	37.7%	18.7%	16.5%	100%	100%

Source: Colliers International and Retail Locations.

4.2.2 *Offices*

Larger-scale office space is found predominantly in the larger city and town centres and mainly in areas physically separated from the retail function. These larger centres act as employment destinations and attract material numbers of work-based trips. In smaller town centres, and particularly on high streets, office space is normally much less important and is often located on upper floors and/or in secondary areas.

Unlike for retail, national time-series datasets of office representation in city and town centres are unavailable. The primary source of data on commercial office space is the Valuation Office Agency (VOA), which assesses non-domestic property in England and Wales for rating purposes. The ONS draws on this data for its Neighbourhood Statistics, but the most recent available is for 2008, when the last rating revaluation was carried out.

The ONS data is published for national and regional output areas. Stock estimates for smaller geographies are only available through the Neighbourhood Statistics portal on a location by location basis and then only using the in-built building blocks (Middle Layer Super Output Areas).

It is also possible to access the rating list through a subscription service to a private company Inform CPI. However, this resource is typically used on a location by location basis, and has not been used to develop national data sets for town centres or high streets.

Currently within PPS 4, offices are classified as a town centre use to which town centre policies apply. These are aimed at focusing new office development within existing centres. However, the Draft National Planning Policy Framework (NPPF) does not define offices as a town centre use. If this approach is adopted in the finalised NPPF, then in the future new office space may become less concentrated in city and town centres, potentially to the detriment of high street performance.

4.2.3 Residential

Residential space is not normally associated with modern high streets, although the early to mid 2000's saw considerable new build apartments in the larger city centres to service the (then) buoyant investor/buy to let market. The recession brought a sudden end to this form of development and a number of cities continue to have an over-supply of such residential accommodation.

In relation to smaller size town centres – which are the principal foci for this study – residential space is primarily found on upper floors (flats), in secondary/tertiary locations and on small in-fill sites. However, no national data set exists which quantifies or tracks the number or space of residential dwellings in town centres.

With an over-supply of retail floorspace stock and rising voids in secondary/tertiary areas of many town centres, it may make sense to convert redundant retail premises to homes, or even perhaps live/work spaces, and easing the restrictions on such a proposition is being considered as part of the NPPF. After all, many vacant properties started out as residential, before being converted to shops[27]. Moreover, developing new residential space within centres boosts the population and adds to vitality. The additional spend generated by new residents also helps underpin the town centre shops and services. There may be is evidence of resistance to such proposals in some areas however[28].

4.2.4 Public use

The only nationally available evidence on the changing representation of public uses in town centres over the past decade is provided by Experian, and is derived from the company's GOAD plans. We focus on this in the following retail section, under the 'retail diversity' heading, although it is fair to say that public uses form only a very small proportion of outlets in town centres as a whole, even fewer on high streets.

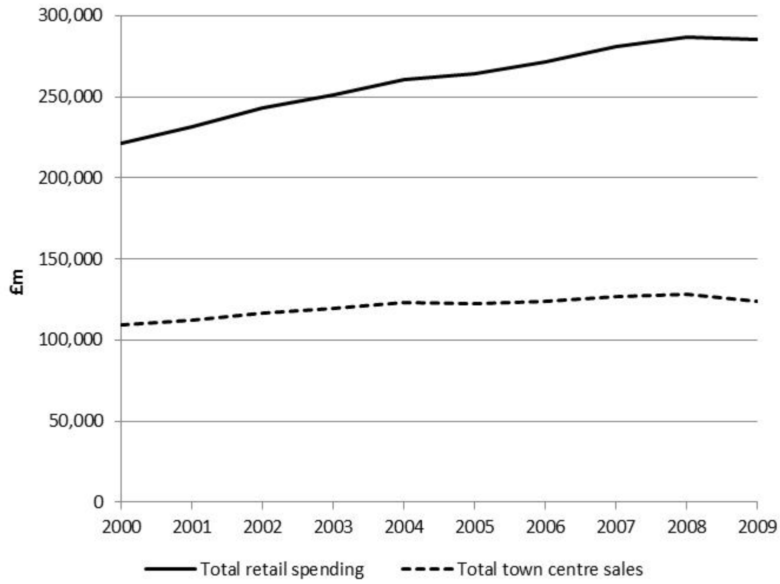
4.3 Key retail performance indicators

4.3.1 Retail Sales

Although town centre retail sales grew from £109 billion in 2000 to £124 billion in 2009 (up 13%), as a proportion of total retail spending they have fallen (Fig. 2). It is likely that these figures under-estimate the relative decline of high streets, since the development of new in-town purpose built shopping centres through the last decade will have captured significant sales and are generally perceived to have performed well.

[27] Jones Lang LaSalle, Retail Spotlight: Right Space Right Place, September 2011.
[28] See the response of the City of London Corporation, Financial Times, June 17 2011.

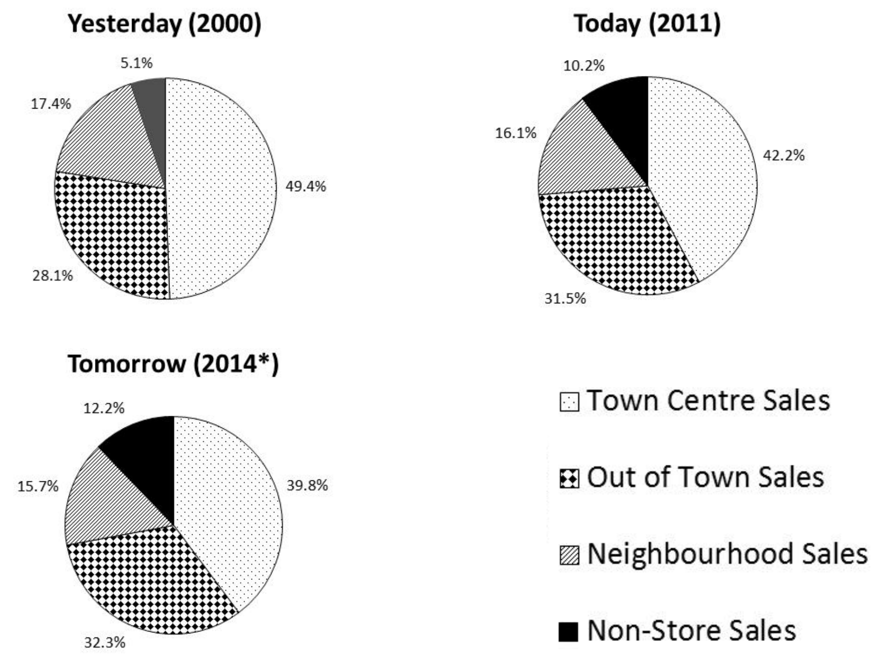
Figure 2: Total town centre vs total retail spending 2000-2009



Source: Verdict Research, UK Town Centre Retailing, 2011.

The relative decline of town centres is illustrated further in Fig. 3. This shows that their share of total retail sales has fallen over the past decade, whereas the alternative channels of out of town and non-store have risen. Moreover, the decline in the proportion of town centre sales is expected to continue into the future.

Figure 3: Retail Spending by Location, 2000 vs 2011 vs 2014



*Source: Verdict Research, Out of Town Retailing, 2010 and UK Town Centre Retailing, 2011. *Estimated: Forecasts are rarely published for time-periods more than five years ahead from a base year. This is because of the difficulty of producing robust trajectories given continuing economic uncertainty and the particular dynamics of the retail sector.*

Table 3 disaggregates the sources of sales growth (excluding on-line and trade) for town centre retailers over the past decade. It is clear that the main driver has been 'net volume', with deflation/inflation and space having a predominantly negative effect[29].

Table 3: Sources of growth for town centre retail 2000-2009

Year	Deflation/Inflation	Net Volume	Space	Total
	%	%	%	%
2000	-2.4	7.0	-0.4	4.2
2001	0.8	2.8	-0.9	2.7
2002	-2.3	7.0	-0.5	4.2
2003	-0.3	2.1	0.4	2.2
2004	-1.2	4.5	-0.4	2.9
2005	-0.8	0.9	-0.7	-0.6
2006	-0.4	2.4	-0.6	1.4
2007	0.2	1.5	0.9	2.6
2008	-0.8	5.3	-3.6	0.9
2009	-3.1	3.3	-3.8	-3.6

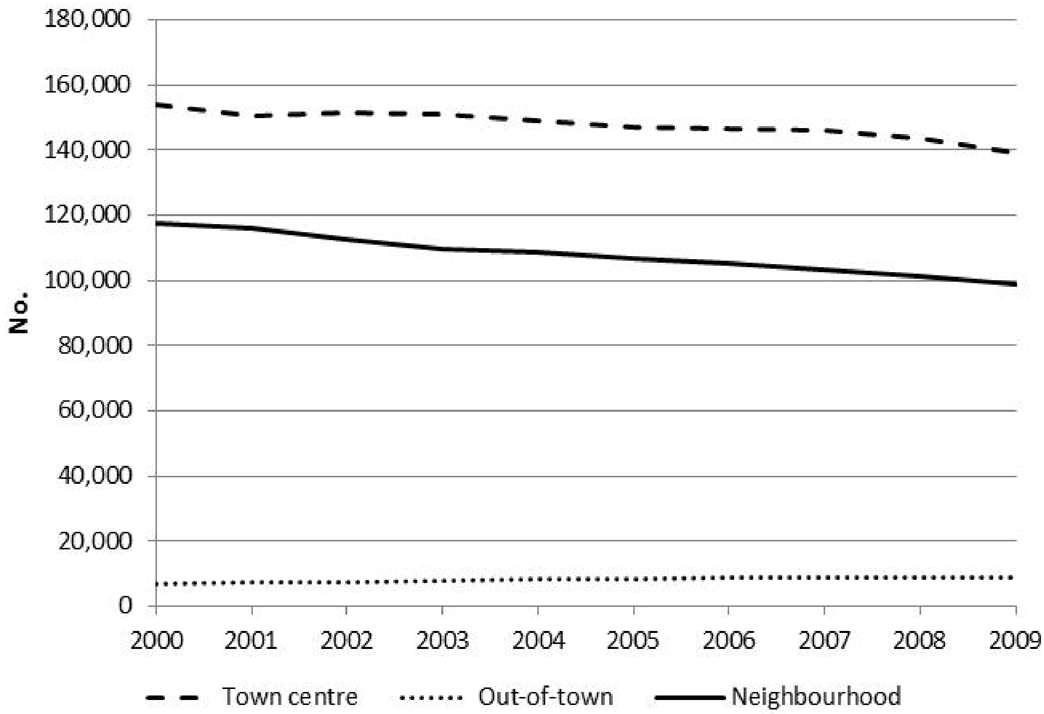
Source: Verdict Research, UK Town Centre Retailing, 2011.

4.3.2 Store Numbers

Reflecting the relative decline in retail sales, the number of town centre stores fell by almost 15,000 between 2000 and 2009 (Fig. 4), with Verdict estimating a further 10,000 losses over the past couple of years. With many purpose built shopping centres holding-up well, it is likely that the majority of these store losses will have been in high street locations. Although neighbourhood stores have also been hit hard (down 18,600 over the period), the out of town sector has grown by c.1,800 stores since 2000 (up 26%).

Figure 4: Store numbers by location 2000-2009

[29] KPMG/Synovate Retail Think Tank White Paper # 20, To what extent is inflation impacting retail health and strategy? 2010; Verdict Research, UK Town Centre Retailing, *2011*



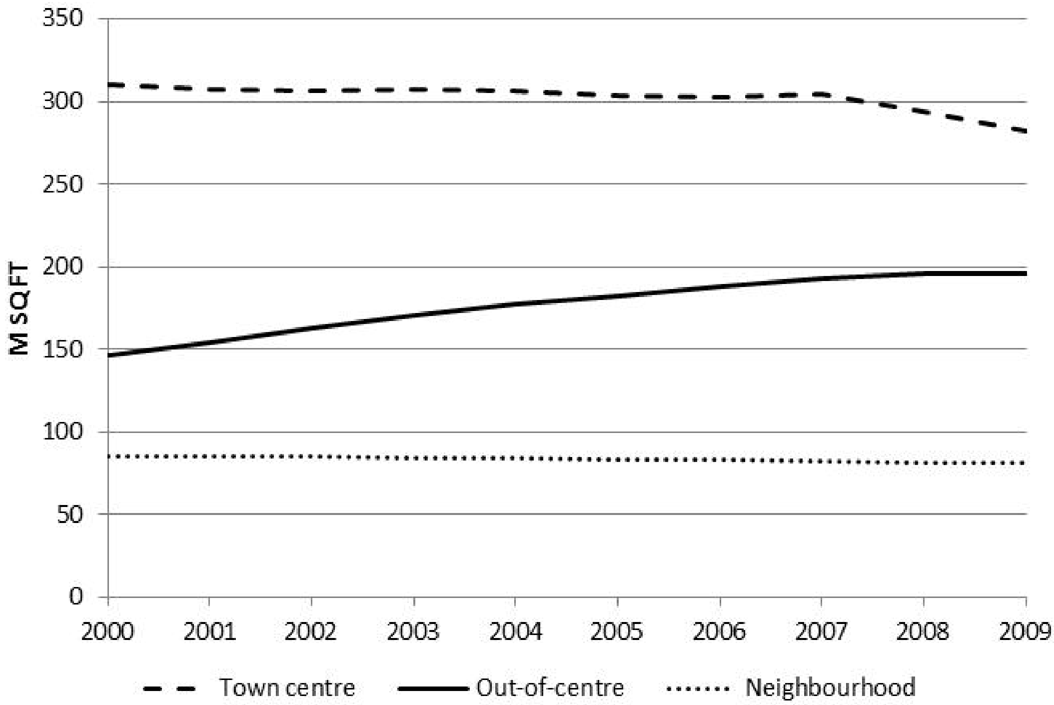
Source: Verdict Research, UK Town Centre Retailing, 2011.

4.3.3 Retail Floorspace

Given the relative decline in sales and significant fall in the number of stores, it is not unexpected that the retail floorspace of town centres has fallen from 310 million sq ft in 2000 to 283 million sq ft in 2009, a decline of 27 million sq ft or 9% in just nine years (Fig. 5). In contrast, out of town retail space has risen by 50 million sq ft, or one-third, over the same period, whilst neighbourhood floorspace has remained relatively stable.

Since 2009 Verdict estimates that town centre floorspace has fallen to 264 million sq ft. This represents only 48% of total space, the first time that the contribution of town centres has fallen below 50%. In broad terms, the Verdict data shows that, on average, each year over the past decade has brought a drop in the proportion of town centre retail floorspace of around 1% and a corresponding rise in out of town retail space of 3%.

Figure 5: Retail floorspace by location 2000-2009



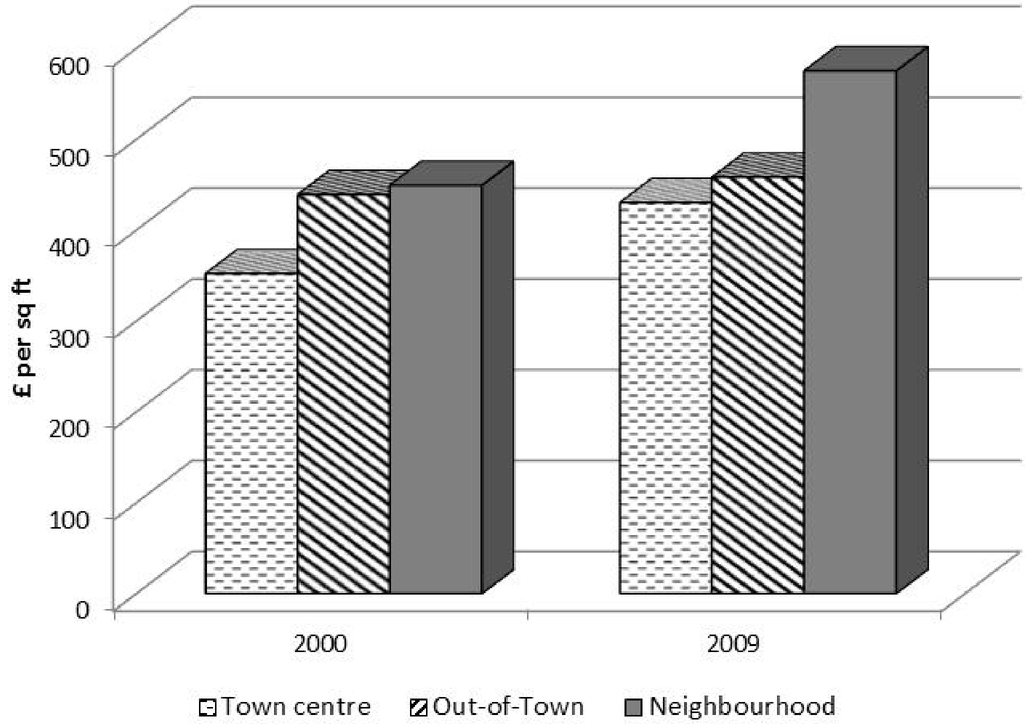
Source: Verdict Research, UK Town Centre Retailing, 2011.

4.3.4 Sales Densities

Combining the indicators of retail sales and floorspace produces estimates of sales densities by location. Fig. 6 shows that town centre sales densities in 2009 remained below those for out of town and neighbourhood shopping. However, compared to 2000, town centre sales densities have improved by £78 per sq ft or 22%, the biggest percentage gain of any sector.

The principal drivers of rising town centre sales densities have been the loss of underperforming space – branch rationalisation and retailers being forced out of the market – and the requirement to work retained space harder to off-set rising costs.

Figure 6: Retail sales densities by location



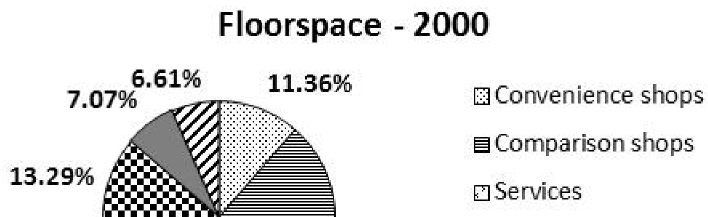
Source: Verdict Research, UK Town Centre Retailing, 2011.

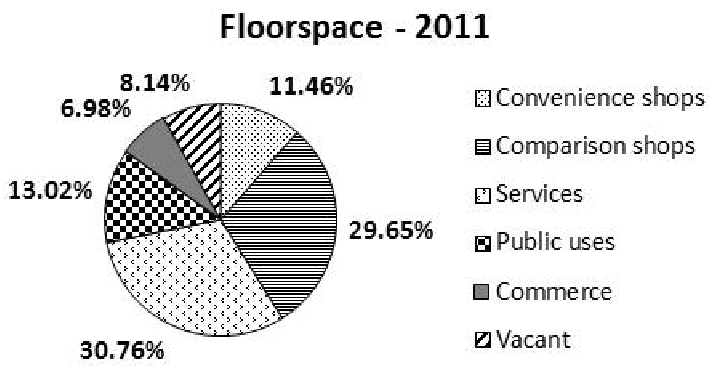
4.3.5 *Retail Diversity*

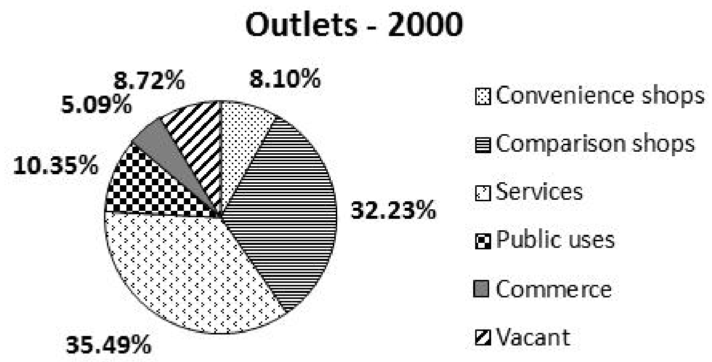
Despite the recent turbulence and retail churn in the high street, data on overall retail diversity within town centres (Fig. 7) shows relatively little material change since 2000. The main trends have been:

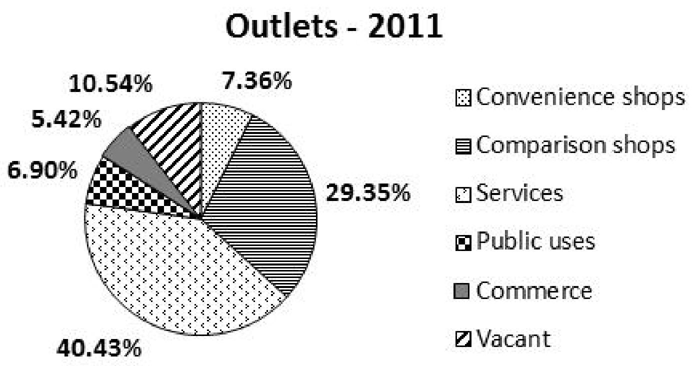
- proportionately less convenience outlets, but slightly more convenience floorspace;
- a decline in both the proportion of comparison outlets and floorspace;
- the share taken by services has risen in terms of outlets and floorspace;
- public uses occupy a declining share of outlets and floorspace;
- proportions of units and floorspace occupied by commerce (offices etc) has remained relatively constant; and
- vacant units and floorspace has risen.

Figure 7: Diversity of uses within town centres 2000 vs 2011









Source: Experian Goad (Data derived from Category Reports)

Overall, the proportion of retail units has fallen by 3.6 percentage points since 2000, whilst retail's share of floorspace has declined by 2.2 percentage points. In relation to outlets, the reduction in shops has primarily been off-set by increases in services (predominantly leisure services) and vacancies. In terms of floorspace, the loss of retail space has mainly been to voids.

At present shops and services account for 77% of town centre outlets and 72% of town centre floorspace, virtually unchanged from 10 years earlier. Other uses, excluding voids, today account for 12% of outlets and 20% of floorspace, compared to 15% and 20% in 2000. The mix of uses within town centres therefore continues to be heavily biased towards retail shops and services. Public services, which include educational, health, transport, religious and cultural uses, have traditionally taken up only a small proportion of space on the high street, with the data showing a small decline in representation since 2000, particularly in terms of outlets.

Although the data shows that proportionally the quantum of retail outlets and floorspace is holding up comparatively well in town centres as a whole, it is likely that if purpose built shopping centres were removed the residual figures for high streets would be less favourable towards retail.

This is because new research by Colliers International[30] confirms that not all in-town shopping centre investment is net additional. Normally there is a measure of internal impact. New purpose built schemes appear to result in a loss of multiple retailing in the rest of the town centre – though store relocations or shifting the centre of gravity such that trade may be reduced in what have now become secondary areas. The research shows that the mix of fashion multiples outside of new shopping centres is normally the hardest hit, whilst these areas as a whole become more focused towards lower value uses.

4.3.6 Multiple Retail Representation

The preceding analysis of diversity does not distinguish between multiples and other types of retailers, including independents. However, there is very little data available on long term changes in retail representation in town centres. Research by Colliers International[31], using data generated by Retail Locations, has sought to plug this gap. It showed that between 1998 and 2010, the number of in-centre multiple shop outlets increased by 7,426 as summarised in Table 4, although the number actually peaked in 2008. Moreover, although multiple shop numbers have fallen back at all tiers of the retail hierarchy below regional centres since 2008, reflecting the impact of the economic recession, numbers at 2010 remained well up on the totals of 10 years ago. In fact, overall, the number of multiple shops was down 1.8% on the peak year of 2008, returning representation back to its 2006 level.

Table 4: Number of Multiple Shop Outlets by Hierarchy of Centre, 1998-2010

Year	Regional Centre	Sub-Regional Centre	Town Centre	District Centre	Total
1998	7,398	15,754	12,033	4,345	39,530
2010	8,884	17,995	14,641	5,436	46,956
Absolute change 1998-2010	+1,486	+2,241	+2,608	+1,091	+7,426
Percentage Change 1998-2010	+20.1	+14.2	+21.7	+25.1	+18.8

Source: Colliers International and Retail Locations.

[30] Out of Fashion, Retail: A Focus Supplement from Estates Gazette, Autumn 2011.
[31] Colliers International, Has the Death of the High Street Been Greatly Exaggerated?, Autumn 2010.

The Retail Locations data was sufficiently detailed to permit an analysis of changing multiple shop representation by product type. The results are set out in Table 5. This lists the 'top 5' and 'bottom 5' types for each tier of the hierarchy based on the change in outlet numbers between 1998 and 2010 (other categories fall within the ranges identified).

Table 5 Change in the number of multiple shop outlets by product type and hierarchy of centre, 1998-2010

Regional Centre			Sub Regional		
Top 5	Mobile Phones	(+530)*	Top 5	Mobile Phones	(+1244)
	Convenience Stores	(+342)		Charity Shops	(+800)
	Clothing & Footwear	(+320)		Chemists	(+624)
	Chemists	(+256)		Food Specialists	(+390)
	Charity Shops	(+238)		Convenience Stores	(+357)
Bottom 5	Furniture & Carpets	(-31)	Bottom 5	Books/Toys/CDs	(-136)
	Off-licence	(-117)		CTNs	(-204)
	CTNs	(-137)		Off-licence	(-249)
	Books/Toys/CDs	(-143)		Clothing & Footwear	(-333)
	Electrical/Household	(-164)		Electrical/Household	(-730)
Town Centre			**District Centre**		
Top 5	Mobile Phones	(+2120)	Top 5	Mobile Phones	(+716)
	Charity Shops	(+971)		Charity Shops	(+598)
	Convenience Stores	(+584)		Chemists	(+181)
	Chemists	(+473)		Convenience Stores	(+181)
	Food Specialists	(+345)		Cards & Stationery	(+167)
Bottom 5	Books/Toys/CDs	(-79)	Bottom 5	Books/Toys/CDs	(-18)
	Clothing & Footwear	(-161)		General Food	(-47)
	CTNs	(-230)		CTNs	(-134)
	Off-licence	(-347)		Electrical/Household	(-158)
	Electrical/Household	(-732)		Off-licence	(-216)

** Absolute change in number of outlets between 1998 and 2010.*
Source: Colliers International and Retail Locations.

The most striking feature is that almost all the multiple 'winners' and 'losers' are the same, irrespective of size of centre. The types of retailer that have experienced the greatest increase in outlet numbers are mobile shops, charity shops, chemists and convenience stores (common to all four tiers), food specialists (Sub-Regional and Town Centres only), clothing and footwear (Regional Centres) and cards and stationery (District Centres). The principal losers are off-licences, CTNs, books/toys/CDs and electrical/household appliances (all four tiers), furniture and carpets (Regional Centres only), clothing and footwear (Sub-Regional and Town Centres) and general food (District Centres).

The data in Fig. 21 identifies clothing and footwear multiple stores as being one of the major growth categories in the large regional centres, whereas in smaller centres this category is amongst the biggest losers. This pattern illustrates the well documented trend of multiple branch consolidation with the fashion operators in particular choosing to operate fewer but bigger stores, with the larger regional centres – where they can serve large catchment populations – being the locations of choice.

4.3.7 Footfall

Footfall is a measure of the popularity of a centre or high street and is an indicator of potential spend. However, there is no evident source of consistent footfall data for high streets across the country dating back to 2000.

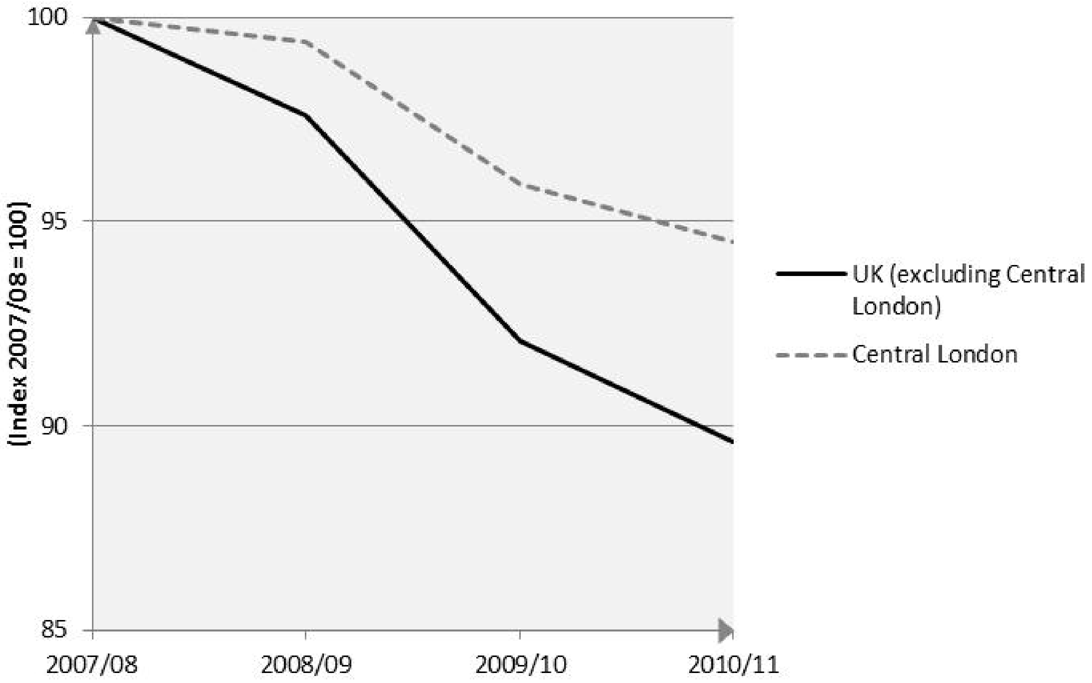
The best data available is probably that produced by Springboard, who operate a growing number of electronic count points along the nation's high streets. Before electronic counting systems were introduced, manual counting was necessary and this approach was typically used by consultants and local authorities to estimate pedestrian flows as part of a town centre 'health check'.

The time-series footfall data produced for high streets by Springboard dates back to 2007 (pre-recession) for a representative sample of count points on a consistent basis. An analysis of this data undertaken by Colliers International[32] focuses on half year time-periods (e.g. January to June inclusive (H1) and July to December inclusive (H2)), which seeks to avoid the impacts caused by variable weather conditions and the timing of Easter or other key events. The results are set out in Figures 8 and 9.

Overall, high street footfall (excluding Central London) has fallen by 10.4% over the past three years whilst the tail off has been particularly notable during the second half of each year. This suggests that high streets are losing the most potential customers during the all-important pre-Christmas sales period which is traditionally the busiest time of the year for retailers.

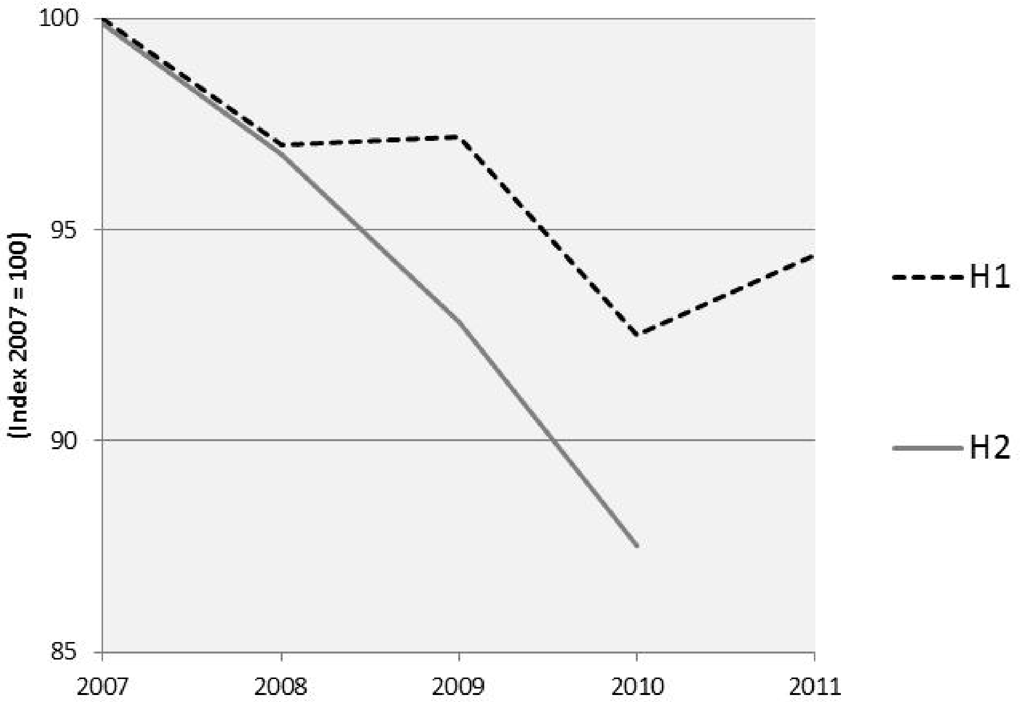
[32] Footfall Focus, Colliers International, Autumn 2011.

Figure 8: Change in High Street Footfall, Central London vs Rest of UK



Source: Colliers International and Springboard.

Figure 9: Change in High Street Footfall, H1 vs H2



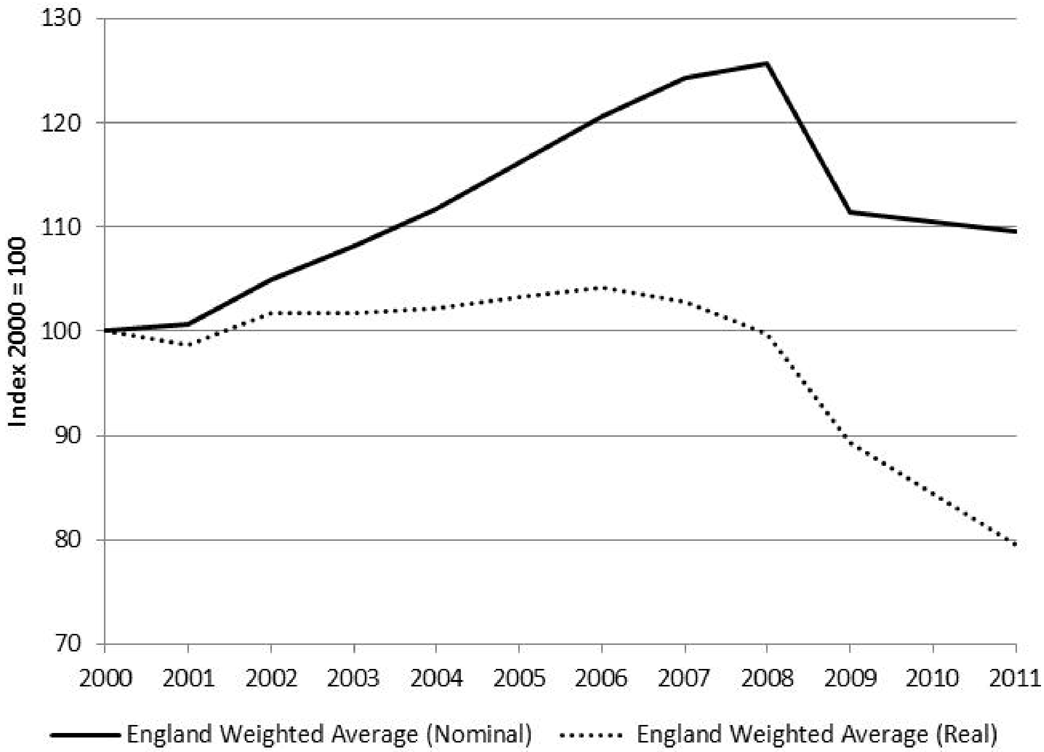
Source: Colliers International and Springboard.

4.3.8 Retail Rents

There are no evident, consistent data publicly available on high street retail rental levels across the country going back to 2000. The most widely quoted source is the rents data for Great Britain published annually by Colliers International[33] which covers 415 centres for the period from 2000 (in fact the data dates back to 1987). However, even this data relates to prime rents only and is for town centres as a whole, which may include both high streets and purpose built shopping centres (the prime rent may relate to either type of location depending on the centre).

Fig. 10 shows the performance of average town centre prime rents in England (based on 370 locations) from 2000 to 2011 in nominal and real terms (discounting for RPI). Nominal prime rents grew steadily through to 2008 (up 26%), but then fell back significantly in 2009 (down 12%) due to the impact of the economic recession before declining further in 2010 and 2011, but at a much slower rate. The average prime rent for England at mid 2011 was virtually the same as in 2003.

Figure 10: England Town Centre Prime Rental Performance: Nominal & Real, June 2000 to June 2011



Source: Colliers International

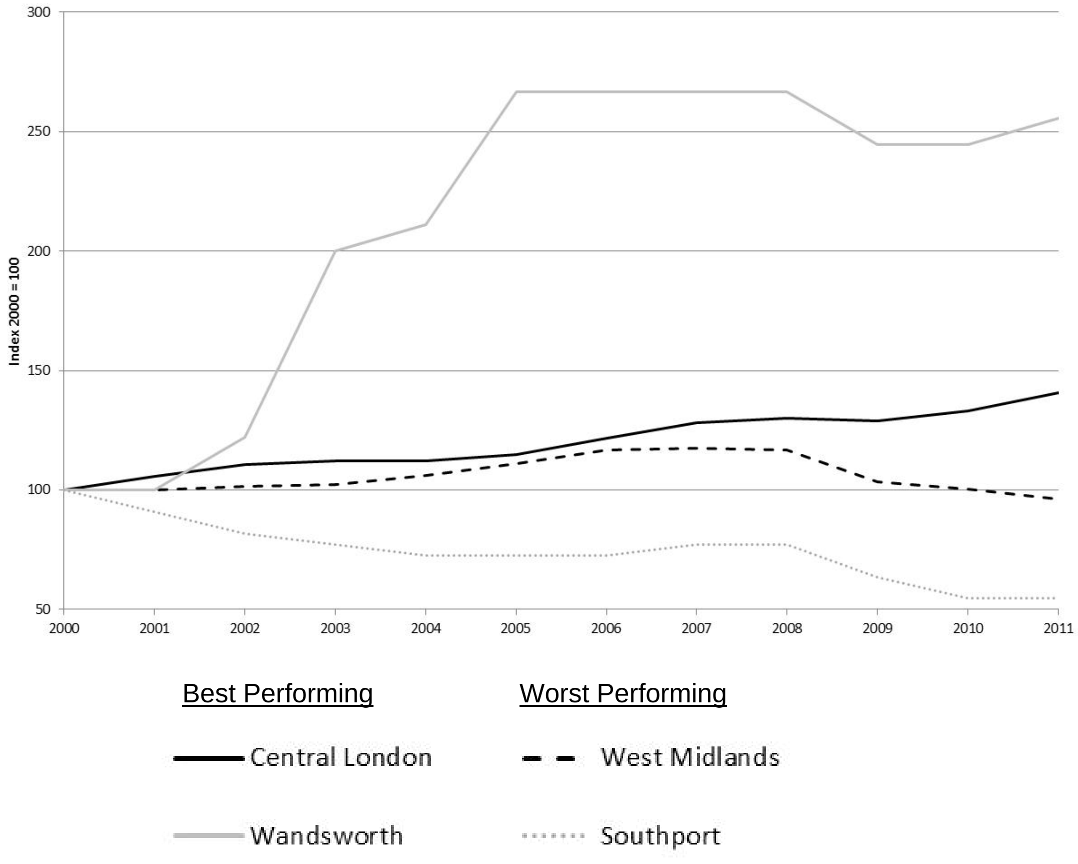
In real terms, however, the average town centre prime rent for England is now 20% below what it was back in 2000.

The average figures for England, of course, mask a huge variation in rental trends for regions and individual centres. Fig. 11, for example, shows regional prime retail rental performance between 2000 and 2011 (nominal) for the best performing (Central London, up 41%) and worst performing (West Midlands, down 4%) regions of Great Britain. Over the same period, Fig. 11 also shows that the best performing centre (outside of Central

[33] Colliers International, Net Effective Prime in Town Retail Rents, June 2011.

London) has been Wandsworth (up 156%) and the worst performing has been Southport (down 45%).

Figure 11: Prime Retail Performance: June 2000 to June 2011: Top and Bottom Performance Regions and Centres



Source: Colliers International.

4.3.9 *Vacancy Rates*

Shop vacancy is a 'high visibility' indicator of how well a high street is doing. Unfortunately, although empty shops are easy to spot, there is an absence of consistent data on national high street void rates over the longer term, particularly from before the onset of recession in October 2008.

Three data sets that have tracked void rates from pre-recession days are published by Experian – its GOAD data[34] – PMA/Oxford Economics[35] and Colliers International[36] with its bi-annual National Retail Barometer[37.] Even these relate to UK town centres as a whole rather than just high streets. Figures 12 and 13 show changes in vacancy rate measured as a proportion of total outlets and floorspace respectively for each data set.

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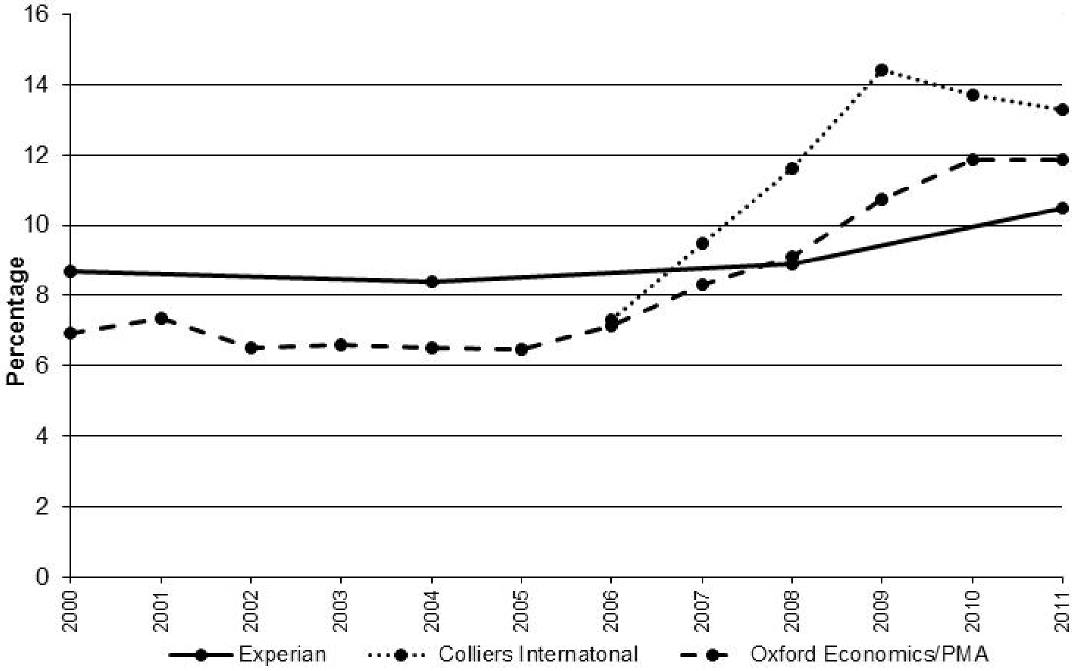
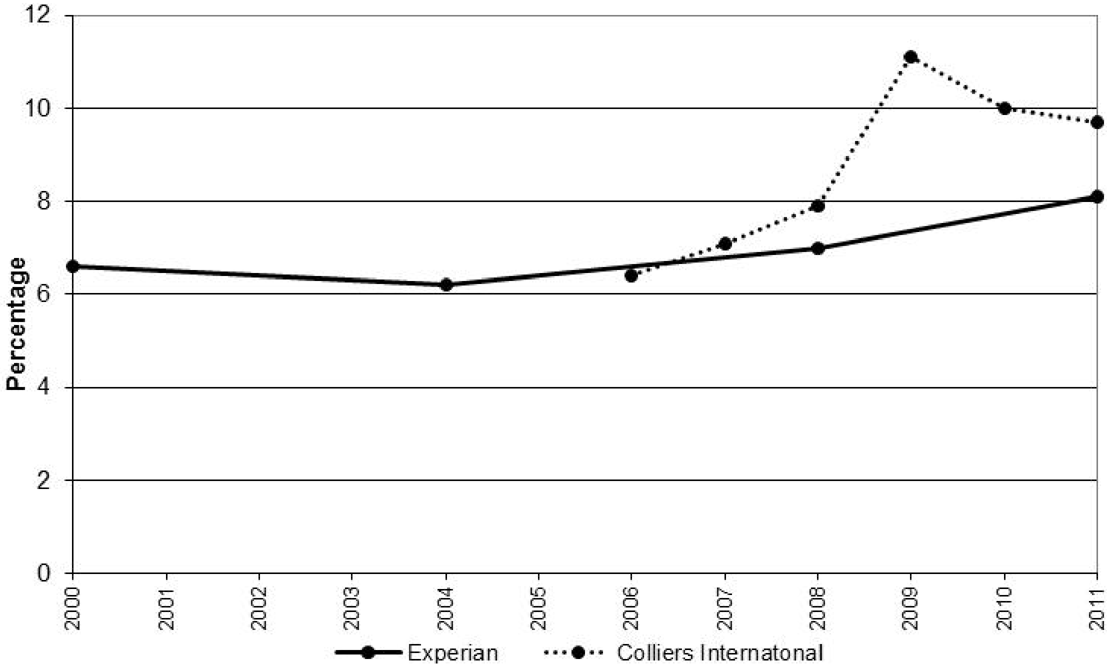
[34]Goad category reports, Experian.
[35] PMA/Oxford Economics for BCSC, Empty Shops, What does the future hold for town centres?, 2011.
[36] Colliers International, National Retail Barometer, Summer2011.
[37] The vacancy data in this publication is based on a sample of 15 city and town centres across the UK chosen to be representative of the national retail market as a whole.

Figure 12: Retail Vacancy: Proportion of Total Outlets



Source: Experian, Oxford Economics/PMA and Colliers International.
Note: Colliers International data is for October each year (except for 2011 which relates to April).

Figure 13: Retail Vacancy: Proportion of Total Floorspace



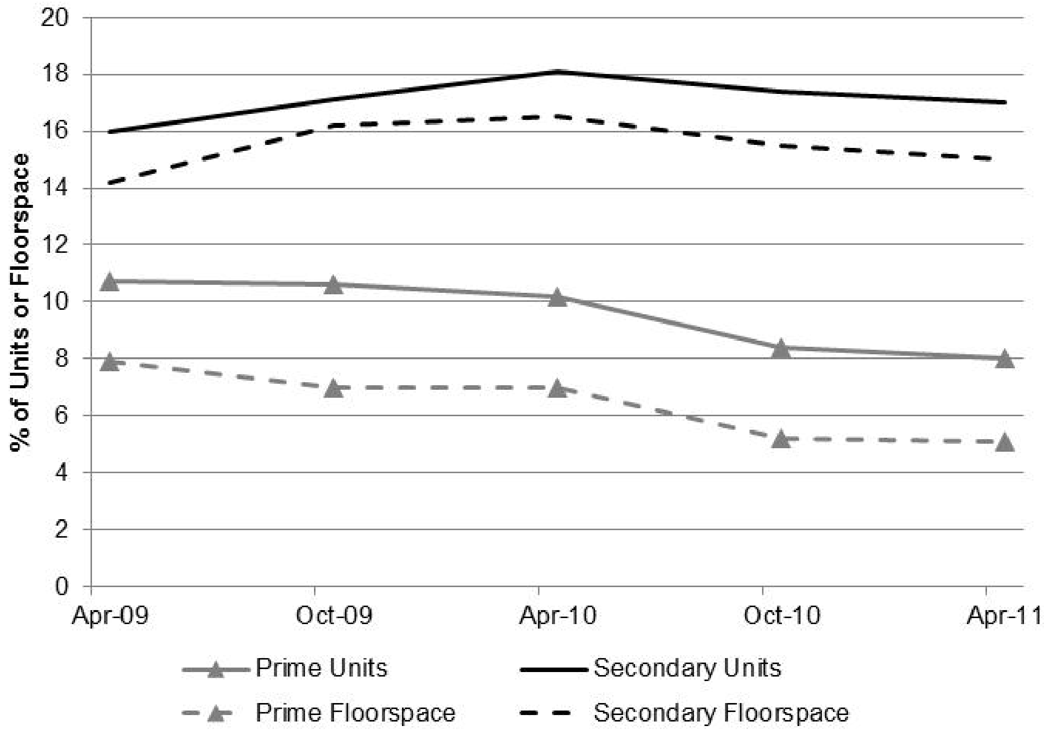
Note: Colliers International data is for October each year (except for 2011 which relates to April).
Source: Experian and Colliers International.

The Experian data shows that even back in 2000 void rates for outlets and floorspace stood at 8.7% and 6.6% respectively, whilst the Oxford Economics/PMA data gives a vacancy rate of 6.9% (proportion of outlets only). This confirms that today's void rates have not originated from a very low base but from a pre-existing level of c.7-8%. However, by 2008, following many years of rising household disposable incomes and growing consumer retail expenditure, voids rates had not fallen back, but had actually risen a little. This suggests that other factors were at work during the early and mid 2000's which prevented high street void rates from falling in response to a healthy growth in retail sales.

The on-set of economic recession in 2008 has led to vacancy rates increasing still further. The Experian data shows void rates rising to 10.5% and 8.1% as a proportion of total outlets and floorspace respectively, whilst the Oxford Economics/PMA data (for outlets) has vacancy rates touching 11.9%. In comparison, the Colliers International data indicates that the recent rise in vacancy rates has been steeper, increasing from 7.3% of total outlets in (October) 2006 to 14.4% in (October) 2010 before falling back a little more recently. Similarly, according to Colliers, the rise in void rates as a proportion of floorspace has been from 6.4% in (October) 2006 to 11.1% in (October) 2010, before reducing to 9.7% in (April) 2011. Void rates are lower when measured in terms of floorspace because vacant units, on average, are smaller than occupied units. With the economic recovery still fragile and household disposable incomes being squeezed, void rates may rise again next year.

The top line void rate data masks large variations between vacancy rates along primary and secondary frontages in town centres. Fig 14 shows that voids rates in prime shopping areas are much lower than in secondary locations and have fallen over the past couple of years. In contrast, void rates for secondary areas are around 15% and 17% as proportions of outlets and floorspace respectively.

Figure 14: Retail Vacancy by Pitch



Source: Colliers International

Vacancy has long been a factor of the high street. Nevertheless, the recent economic recession served to exacerbate what was already occurring during the 'good times' - a slowly rising trend of void rates in town centres. Many of the voids are located in secondary locations because the units in these areas generally tend to be smaller, older and poorly configured. Many are no longer fit for modern retail use and are becoming unelectable to multiple retailers. However, these units do represent an opportunity for independent retailers and non-retail uses to gain representation in a town centre, thus contributing to increased diversity.

4.4 The retailer perspective

After years of growth, high street retailers have found the last 10 years or so to be the most difficult of trading environments. Many retailers have had their margins squeezed, since they have been unable to raise prices due to the comprehensive pressures (cheaper prices) presented by the grocers and e-commerce retailers in particular. Meanwhile, retailers have had to deal with increased rents, business rates, in the minimum wage (introduced in 1999) and in many cases the cost of raw materials. Research[38]indicates that occupancy costs are proportionately highest for standard shop units and this goes some way towards explaining the greater concentration of tenant administrations and store closures in this sector of the retail market. Moreover, many retailers could see their occupancy costs rise further during 2012, since business rates are likely to increase by c.5% in line with Autumn 2011's inflation rate.

The UK retail market has always been competitive, whilst a churn of retailers is part of the natural working of the market. This often creates void units, even if only 'short term'. Traditionally, in more buoyant trading periods, these void units were filled quickly either with existing operators looking to extend their business or by start-ups, both knowing they would benefit from the high footfall generated by established stores giving the best exposure of their products to a new market.

Renting a high street store requires financial commitment in signing a lease, fitting out the store, filling it with stock, employing staff and day to day operating costs; business rates etc in an environment where there are many void units footfall drops and these costs may become prohibitive.

Geographical expansion was once the only way that established retailers could extend brand reach and increase sales; however, the internet enables retailers to do both with far less financial commitment.

For start-ups, launching a retail business over the internet is often a more attractive proposition than committing to a lease. Developing a website is cheaper and easier than leasing a high street store, either through purchasing an off the shelf solution or by contracting with a web hosting company. Alternatively, by trading on eBay or Amazon, retailers can get the benefit of a known and trusted shopping portal and the assistances of a website infrastructure with little or no upfront financial commitment.

Over the last decade the major grocery chains have extended their non-food ranges and services. Due to their buying power they are able to source at better rates than start-ups and many specialist chains, while as a result of their sales volumes that are able to accept a lower percentage margin than specialist retailers which is another reason why it is unattractive to commit to a high street lease.

Finally, some historic business models are now outdated and are no longer viable on the high street. For example, entertainment brands like Virgin and Our Price have perished as the digital delivery of their product superseded sales of the physical product; a fate that may soon befall book sellers, as the success of eBooks, particularly through Amazon's Kindle demonstrates.

[38] Green Street Advisors, UK Retail Update, October 2011.

4.5 Investor perspectives

Over the past 30 years there has been a 'homogenisation' of the high street. With high street units owned by a myriad of landlords, there has been little or no control over the tenant mix in town centres, apart from some restrictions placed within the 'user' clauses of leases.

In order to obtain the best possible return on their investment, landlords let their units to tenants with the strongest covenant, as a result this led to more and more national chains taking prime high street locations (and indeed in purpose-built shopping centres), which in turn led to a 'sameness' about many high streets throughout the UK.

There has also been a sense of 'brand grabbing' where institutional landlord/developers of high street shopping centres wanted the kudos of having fashionable brands, which might not necessarily fit the local demographic but improved the marketability of the scheme. This also created little differentiation from other high street shopping venues within geographical regions.

Historically, developers of retail schemes have offered anchor tenants space at a peppercorn rent in order to use the anchor's brand to attract additional tenants. This has created a situation where smaller retailers, who are already having their margins squeezed, can see their occupancy costs reach as much as 25% of turnover, whilst the department store is only paying service charges and business rates.

4.6 How has the private sector responded?

The response by the private sector to changes in the high street has been wide and varied, but more importantly unplanned and un-coordinated. The following responses are observations from Colliers International retail agents, based on their empirical experience of private sector activity in the retail sector. The principal responses have been as follows.

- positive effects on the high street
  - the slowdown of new retail developments – should help the high street as the perceived current over-supply of retail space will reduce over the coming years.
  - restrictions placed on the development of additional out of town supermarkets have encouraged the multiple grocery chains to develop in-town convenience store formats. Although this may be positive for the high street as established brands can increase footfall, the growth in multiple convenience stores has largely been at the expense of independent stores, arguably leading to declining diversity.
  - many retailers are opening up temporary stores in unusual locations to gain a short term sales spike whether it be to clear excess stock or create interest around new product lines. These are known as 'pop-up' stores. Such stores reduce voids and may help boost footfall, particularly in the short term.
  - a plethora of value retailers selling at single price points (e.g. Poundland, Poundstrecher, 99p stores) have expanded during the economic downturn. These stores have been a key driver of retail demand and contribute to the generation of footfall.
  - in October 2011 House of Fraser opened a store without any stock; customers select their product on iPads for delivery in that store or to their homes. This highlights an innovative use of bringing the internet to high street. Such stores fill voids and bring customers to the high street.
  - falling rents and rising vacancies may provide some existing retailers with opportunities to relocate to better sites within a town centre. In addition, opportunities can arise for independents to gain a footfall in a centre that was

hitherto unaffordable. This helps to fill voids, adds to diversity and generates or maintains footfall.

- rising voids and falling retail demand may encourage developers and landlords to amalgamate high street units or redevelop units/blocks so as to provide more suitable and larger unit accommodation for retailers. Where this is achieved this should help attract new operators.
- leases are 'no longer a take it or leave it offer' from a landlord to a tenant; the length of lease has been reduced from 25 years down to 15 or 10 and as little as 5 years. Break clauses are not unusual and in some cases monthly rent payments are available rather than the historic quarterly pattern. This reduces a retailers' financial commitment and may maintain store viability during difficult economic times.

- negative effects on the high street
    - Mass closure of stores as established retailers disappeared from the high street (e.g. Woolworths, Virgin Records and TJ Hughes). Stores are also closing due to branch consolidation and a greater focus on retail concentration in the larger regional centres. This is increasing voids and reducing footfall.
    - Company Voluntary Arrangements have been used by a number of high street retailers to reduce their store portfolios by closing unprofitable stores (e.g. JJB Sports and Blacks Leisure). This creates voids and reduces footfall.
    - Rather than increase their store portfolios many retailers have recognised that the capability to manage a transactional internet site is similar to managing a mail order business, so established catalogue retailers like Argos and Next have now been joined Tesco and more recently Debenhams. This reduces retail demand and weakens footfall.

4.7 Summary: the current position

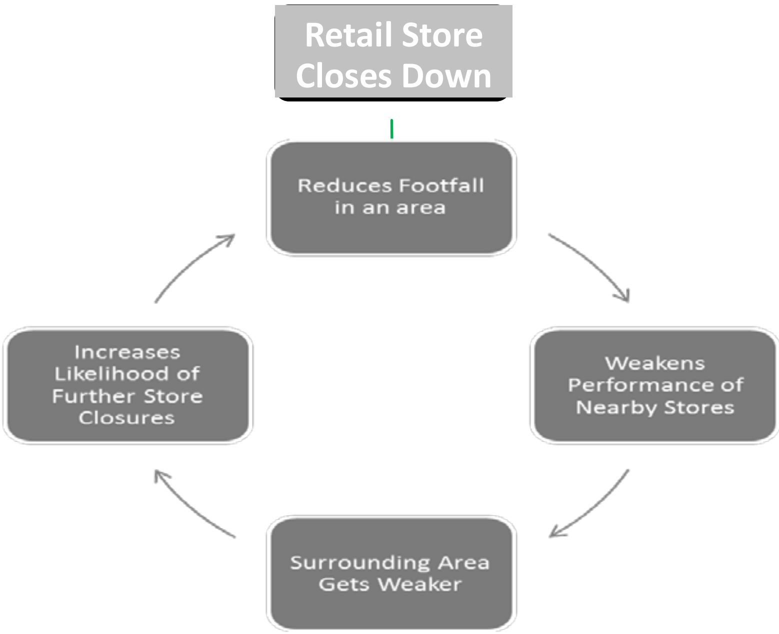
According to CBRE[39], the period 1998-2009 saw Great Britain's population grow by 3.3 million (5.8%), which gave a boost to annual comparison goods spending of c.£10 billion over the period. However, town centres have not reaped the benefits of this huge increase in retail expenditure.

Over the past decade consumers have become more mobile and their attitudes and preferences have changed – they now seek more 'experience' and a greater choice. As a result, trips are now longer - many are made beyond local centres - but fewer in number. Accordingly, there has been a steady concentration of retail activity to the larger destinations – in terms of trips, spend and stores.

Many middle ranking and smaller town centres have also seen diversion of retail spend away to out of centre shopping - the supermarkets, retail warehouses and retail parks – and online. The consequence is that town centres became squeezed and thus even during the early to mid 2000's, when disposable incomes and retail spending were rising, in-town vacancy rates continued to creep upwards as the multiple retailers in particular down sized their store portfolios and focused on developing fewer but larger stores in the biggest retail destinations. The credit squeeze and the on-set of economic recession then greatly exacerbated what had already become a downward spiral for many high streets (see Fig. 15). Accordingly, vacancy rates have increased more quickly.

[39] CBRE, UK Shoppers Spend More But Take Less Trips, Press Release, 24 October 2011.

Figure 15: The Downward Spiral of Decline on the High Street



Source: Colliers International.

Many town centre retailers are now under pressure from falling consumer spending and rising costs and their margins are being squeezed as never before. Retailers are having to work existing floorspace even harder and to drive up sales densities. However, this is difficult to achieve in stores that are small and poorly configured. Thus vacancy has risen fastest in secondary locations, which is where such older units are predominantly located. This space is becoming physically and locationally obsolete for multiple retailers, although it can represent an opportunity – depending on rents and other costs – for independents and non-retail services and other uses.

With the shopping centre development pipeline having declined rapidly in recent years, the question as to whether there is or will be too much retail space is inconclusive. However, what is clear is that there is now a surplus of in-town secondary retail floorspace, much of which is no longer 'fit for purpose'. In the future, there is likely to be a need for more quality shopping floorspace in high streets, although vacancy rates will remain high or even edge further upwards.

In light of the number of key consumer and retail trends described in this section, it is useful to assess the actual extent to which the 'health' of town centres has been affected, thereby providing an indication of the scale of the 'high street' problem.

A tool that has recently been developed to do this is the Colliers International Town Performance Matrix (TPM)[40]. This is a unique benchmarking analysis which compares historical town performance with forecast future performance for 364 town and city centres across Great Britain. Drawing on in-house datasets and an extensive range of independent data from external providers, such as CACI, NOMIS, ONS, Javelin Group, Local Data Company, Experian, Co-Star Focus and Trevor Woods/PMA; 'historic' and 'future' performance scores have been calculated for each location. From this a segmentation of centres into one of five performance categories has been carried out, as follows:

- Thriving: positive historical and future performance;

[40] Colliers International, Town Performance Matrix, June 2011.

- Improving: negative historical performance, positive future performance;
- Stable: low (positive/negative) scores for both historical and future performance;
- Degenerating: positive historical performance, negative future performance;
- Failing: negative historical and future performance.

The centre segmentation is set out in Table 6.

Table 6: City/Town Centre Categorisation, 2011.

Category	Number of City/Town Centres	Col. %	Examples
Thriving	94	25.8	Brighton, Stratford-upon-Avon and Harrogate
Improving	11	3.0	Barnsley, Ealing and Maidenhead
Stable	137	37.6	Inverness, Scarborough and Taunton
Degenerating	40	11.0	Dartford, Grimsby, Walworth Road (London)
Failing	82	22.5	Bootle, Dunstable and Walsall
Total	**364**	**100.0**	

Source: Colliers International

According to the Colliers TPM c.23% of city/town centres are 'failing' with a further 11% degenerating. Thus around one-third of centres overall appear in need of help and revitalisation – a substantial number which suggests we may be on the verge of a tipping point. However, with one-quarter of city/town centres 'thriving', and a further 3% improving, the data indicates some hope for the future, as well as demonstrating again the diversity of town centres and their different responses to the economic climate.

5 The drivers of change

Key evidential findings

- **There are a wide range of influencing factors that have stimulated and affected change on the high street, with influences varying from positive to negative effects. These factors can apply individually and in isolation, but more often present alongside others.**
- **This complexity is a challenge to understanding how such factors affect individual high streets, and although some correlations are often evident, causal relationships are harder to establish.**

5.1 Introduction

The evidence on high street change presented in the preceding section confirms that fundamental shifts have occurred in high street performance against a range of indicators. This section seeks to assess the evidence on the drivers of change to aid an understanding of the key influences on high street performance. Understanding of these change drivers will be critical in shaping an effective policy response.

The UK retail market has always been a competitive sector – the high street has seen retail brands come and go as their offer no longer met consumer needs. This forms a 'natural order' of churn and replenishment/refreshment of the high street offer, informed by and responsive to the market.

However, as well as the natural replacement of redundant retail propositions over the last 10 years, specialist retailers, many independently owned, have been affected by the success of the 'product aggregators', as exemplified by growth over the period of the major grocery chains and online by Amazon and others. Some retailers, such as the entertainment brands, have perished as the digital delivery of their product superseded sales of the physical product; in addition to ferocious competition from purely on-line retailers such as Apple's iTunes; a fate that may soon befall booksellers, as the success of eBooks, particularly through Amazon's Kindle, demonstrates. In essence, some business models are now outdated and are no longer viable in their historic form, whether it be in the high street, shopping centre or out of town.

Furthermore, the economic recession has been the catalyst for a shift in consumers' shopping habits with regard to their willingness and ability to spend. Gone are the days of easily accessible credit and conspicuous consumption (with the exception of high net worth individuals, where spending on luxury items is even increasing) – this change in mindset looks set to be permanent, regardless of whether the economy returns to growth.

This research applies an analytical framework to classify those drivers that have stimulated and affected the changes that are taking place on high streets (Section 4), and which also informs our consideration of the ways in which various interested parties (including Government/local authorities, the private sector, and others) are responding to these changes (Section 6). Again, this approach does not claim to be exhaustive and comprehensive, but it has enabled us to capture and consider the evidence in a thematic and consistent way. This typology of change drivers includes:

- ***externalities*** – high streets/town centres are influenced by externalities that are generally outside user/occupier control. These might include macro-economic factors such as the recession/loss of consumer confidence, or centralised decision-making by property owners/retailers, but also micro-economic issues such as the loss of a major employer and its consequential impact on a local area;
- ***spatial and physical factors*** – high street/town centre performance is affected by factors such as the development of new residential areas or changes to existing

residential areas; changes in approaches to the physical environment of town centres; accessibility related to car access and car parking and cycle/walking friendliness; amenity in terms of streetscape, public space and private/public space;

- ***market forces and competition*** – the development of the high street/town centre is undoubtedly affected by the emergence/presence of competitive offers to the high street, through a range of channels;
- ***demographics*** – changing demographic trends are likely to have important implications for our high streets and town centres. There are implications for town centres related to the impact of factors such as: ageing populations; transient populations such as students/immigrants; and the socio-economic catchment/level of disposable income that influence the face of high streets and town centres;
- ***regulation and legislation*** – a range of regulatory and legislative policy initiatives have impacted on high streets/town centres including planning policy and licensing legislation and the introduction of financial incentives;
- ***management*** - the management of town centres and high streets has the potential to affect change and can contribute to the differential impact of certain factors or events.

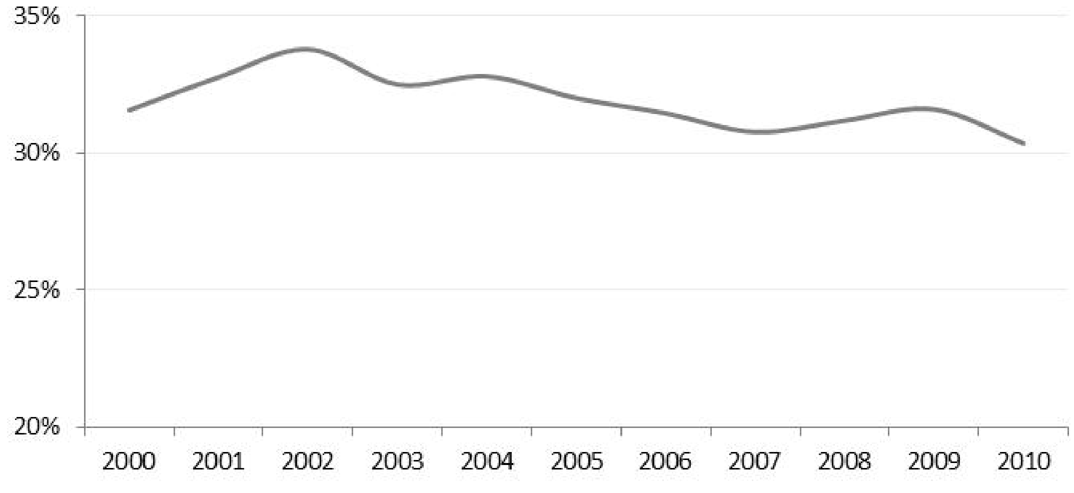
This section examines the evidence available on this range of change drivers and their impact on high street performance.

5.2 Externalities

Wider economic circumstances and government policies have played their part in the decline of the traditional high street, despite planning policies designed to protect town centres, including through changing consumer behaviour.

The first decade of the new millennium has been one of rapid change in the UK and the global economy. In the late 90’s and early 2000’s, fuelled by credit, GDP grew at an annual rate above the long term average, which led to a healthy growth in real disposable income early on in the decade. Due to real income growth, retail sales as a percentage of final consumption reached a peak of 33.8% in 2002, but has since declined to 30.4% in 2010 (Fig. 16).

Figure 16: UK Retail Sales (Ex-Petrol) as a % of Final Consumption Expenditure



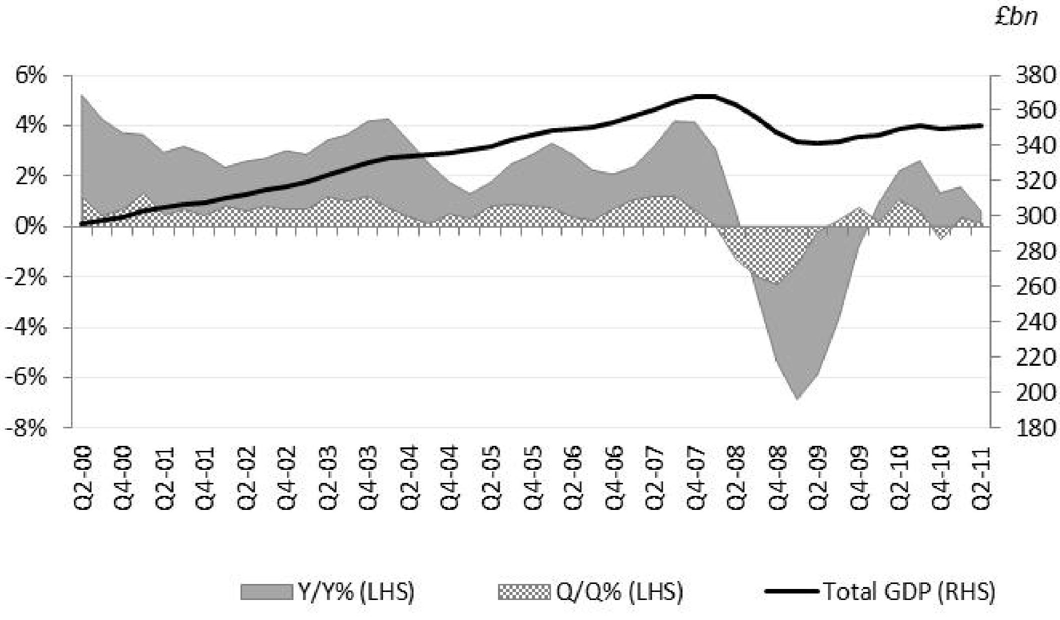
Source: ONS

The emergence of developing nations as exporters of manufactured goods had a positive effect on the UK retail industry. China joining the World Trade Organisation lowered trade barriers between China and the European Union, thus vastly increasing the amount of imported goods. The fall of the "Iron Curtain" provided the cheap labour to produce goods for Western Europe, especially after the EU's expansion eastwards. Millions of low-cost labourers across the world made goods cheaper than ever for the average UK consumer, thus bringing an unprecedented boost to the retail industry.

The expansion of credit to the average UK consumer in the first half of the last decade also provided a boost to the retail industry. Debt instruments that are now blamed for creating the financial crisis led to rapid growth in credit available to consumers via credit cards, consumer loans, auto loans, and mortgages. The end result was that consumers were purchasing retail goods on credit, which provided the demand-side boost to the retail industry for the majority of the decade.

The UK economy grew by nearly 28% between the beginning of 2000 and the end of 2007 (Fig. 17)[41.] But due to the over reliance on debt to purchase goods and services, the consumption fuelled economic growth had little more room for growth. As banks started to rein in their lending to consumers because of the losses they incurred on the sub-prime mortgage assets they held on the balance sheet, the UK retail industry felt the brunt of the credit crunch. Retail sales growth ground to a halt in 2008 and has remained relatively low since then, whilst RPI has been outpacing sales since December 2009 (Fig. 18). More recently, consumer retail expenditure has been further squeezed by the pressure on wages and the rising cost of living, particularly increasing commodity, fuel and heating costs.

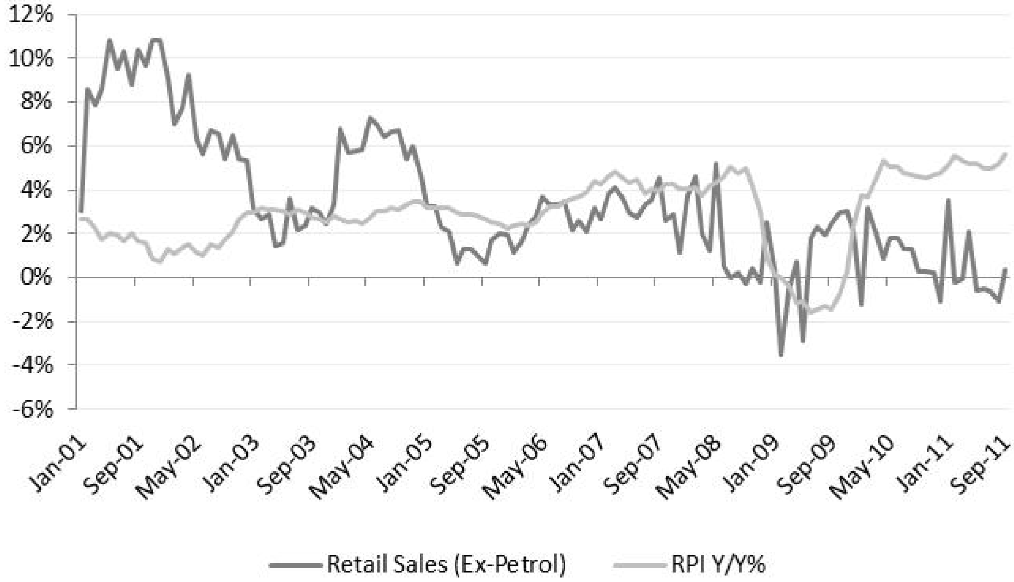
Figure 17: UK GDP Growth



Source: ONS

[41] Although real incomes for the lower paid did not match the rate of economic growth, see Whittaker, M. and Savage, L. Missing Out: why ordinary workers are experiencing growth without gain, Resolution Foundation Commission on Living Standards, 2011; International Labour Organisation, World of Work Report 2011: Making markets work for jobs, 2011.

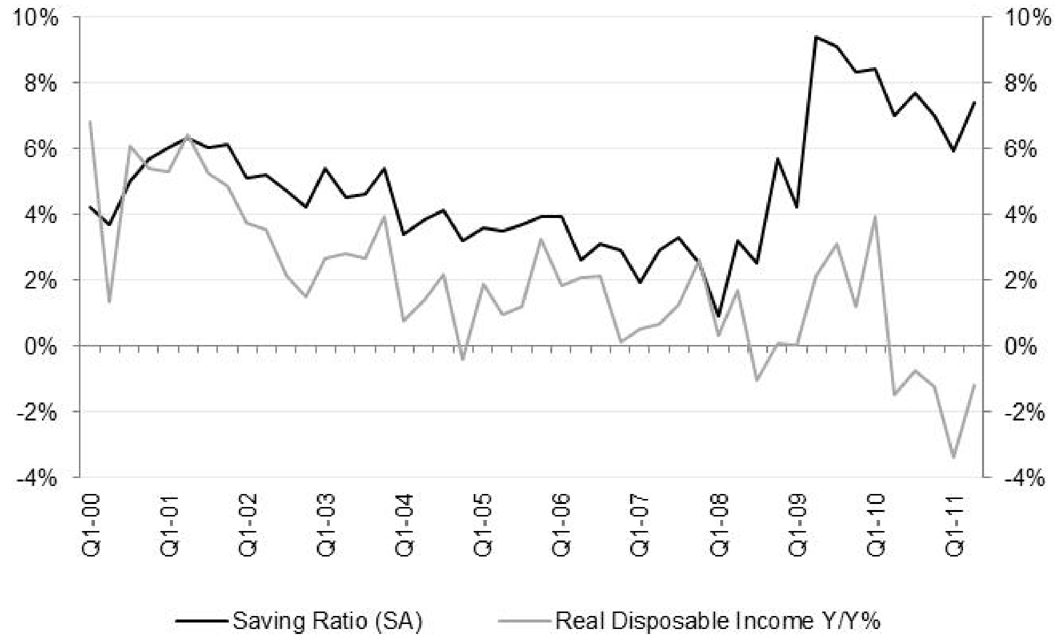
Figure 18: UK Retail Sales vs RPI Yearly Growth



Source: ONS

From the start of the 2000 real disposable income has grown by around 2.0% per annum. However, since early 2008, real disposable income has slowed to only 0.2% annually. Moreover, with inflation above the Bank of England target every month since January 2010, real disposable income has been negative since Q2 10 (Fig. 19). The consumer savings ratio declined steadily through to 2008 on the back of high spending and growing debt. The recession has triggered a return to saving and the ratio is now close to the long term average of 6.7%.

Figure 19: UK Saving Ratio and Disposable Income Growth



Source: ONS

Alongside high levels of retail and landlord indebtedness and public spending cuts is a squeeze on consumer spending and household income. Real wages are falling compared with inflation and in many areas, including public services, while credit is more difficult to obtain. A paper by the Institute of Fiscal Studies reveals that the fall in household spending during the 2008-9 recession was cushioned by government action, including the reduction in VAT to 15% and the car scrappage scheme[42]. VAT has now been increased to 20%, with potentially negative impacts on consumer spending. Writing in Public Finance magazine, IFS research economist Robert Joyce remarks: 'The recession began more than three years ago, but it's most severe impacts on UK living standards are only just beginning.' [43].

These falling real living standards are combining with high energy and utility costs, and volatile commodity prices worldwide, to create a climate of nervousness in which even those consumers with money to spend become more cautious. The latest figures suggest that the index of consumer confidence is at the tenth lowest level since 1974, and has dipped below the benchmark minus 30. On both previous occasions when these levels have been reached (March 1990 and June 2008) the index reflected a period of sustained weakness in consumer confidence and the entry of the UK economy into recession[44]. GfK NOP suggest that the index reveals that the outlook of consumers is becoming increasingly pessimistic, and that the climate for major purchases has worsened. Data from PWC suggests that consumer spending is expected to contract across 2011, by 1.2%, and then remain largely flat in 2012[45]. This is likely to have an impact on high street spending, as well as retail in general.

It is also the case that certain externalities occur at the micro-economic level, rather than the macro-economic level considered above. These might include, for example, the closure or re-location of a major employer. As a general rule, analysis of these kinds of

[42]Crossley, T., Low, H. and O'Dea, C. (2011). Household Consumption Through Recent Recessions. Institute for Fiscal Studies
[43]Joyce, R. Bleak Outlook for Living Standards. *Public Finance*, 15 September 2011.
[44] GfK NOP Social Research, October fall in UK's consumer confidence, October 2011
[45] PWC, UK Economic Outlook, November 2011

events tend to take place at a scale other than that of the high street/town centre, and focus in more depth on employment/social aspects of the closure such as rates of pay and working conditions.

Work by Chapain and Murie[46], in the context of the closure of MG Rover's Longbridge plant, highlights some of these issues. Their work highlights the assumption commonly made in such instances that the geography of the impact of closure is highly localised, drawing on detailed data relating to the residential distribution of employees to demonstrate that the spatial scale of the impact was in fact considerably more dispersed, in line with the distribution of employee residency. Most importantly in the context of this study, the analysis does not consider impact on the high street/town centre as an economic entity.

5.2.1 The impact of externalities on the high street

During the first half of the last decade a rapid rise in property values led to a high turnover of retail assets, which were viewed as an appreciating investment. The British Council of Shopping Centres reports that many shopping centres were bought and sold by a succession of owners, who often borrowed heavily to fund their purchases and sought to 'flip' their assets rapidly to gain from the rise in capital values. By 2009, as values plummeted, many owners were unable to fund their borrowings or reinvest in their portfolio. In 2009 it was estimated that more than £10bn of shopping centre assets were at risk[47].

The high indebtedness that characterised many property owners also characterised many national retailers. The succession of retail failures in 2008-09 may have slowed, but the underlying causes remain very real for a significant number of chains: high levels of borrowing and reluctance by banks to extend loans or by landlords to accept lower or delayed rental payments. As banks recapitalised following the 2007-8 financial crisis they sought to limit their own exposure, leaving indebted retailers with little room for manoeuvre. Those that survived often did so by reducing the number of stores, leaving a growing number of gaps on the high street.

While there was some central government support for action to tackle high street closures (particularly the Meanwhile Project)[48] this has been increasingly offset by the loss of local government funding. Local authorities have borne a high share of the spending cuts announced in the Comprehensive Spending Review of October 2010, leaving discretionary spending on facilities like public toilets, libraries, museums and cultural events at risk[49]. Yet these are the facilities that often give a high street a unique selling point that out-of-town centres and supermarkets cannot match.

There has also been a loss of post offices and banks. The number of retail banking branches has been on a steady decline, with the loss of 1,220 traditional bank branches in the last decade. This trend of closures is increasing after a period of stability, with the loss of 183 branches of the 'big four' banks in 2010[50]. Figures released earlier this year show more than 400 'temporary' post office closures[51].

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[46] C. Chapain and A. Murie, The impact of factory closure on local communities and economies: the case of the MG Rover Longbridge closure in Birmingham, Paper presented at the Regional Studies Association, Annual International Conference, 2008
[47]British Council of Shopping Centres, The Impact of the Recession on Secondary Shopping Centres, 2010
[48]SQW Consulting (2010). Meanwhile Use: Business Case and Learning Points
[49]Civic Voice, Submission to the Portas High Street Review, 2011
[50]Campaign for Community Banking Services, Branch Network Reduction: 2011 Report. See http://www.communitybanking.org.uk/report_reduction_2011.htm
[51]Post Office accused of 'secretly closing post offices'. *Daily Telegraph*, 15 May 2011. [online] http://www.telegraph.co.uk/news/uknews/royal-mail/8505103/Post-Office-accused-of-secretly-closing-post-offices.html

Together these trends form a perfect storm for high street retailers. Falling household spending and squeezed margins are having direct impacts on traders' viability. On 27 October 2011 the British Retail Consortium recorded the highest quarterly fall in retail employment in two years[52] – 5,780 fewer retail jobs. Importantly, it observes that the growth in supermarket jobs is failing to make up for the loss of retail employment elsewhere. Compared with September 2010, there are now 23,000 fewer retail jobs in the UK than a year ago. This is despite new shops opening: the arrival of an extra 1,134 retail outlets in the last quarter would appear to be good news, but they are almost all foodstores.

As evidenced by Wrigley and Dolega[53] there is a sparseness of truly detailed evidence on the performance and commercial value of high streets/town centres within the current economic climate. This research examined change in vacancy rates and retail composition between 2006 and 2009 (pre and post economic crisis) across a sample of 267 centres/high streets in four UK regions. The report concluded that comparison retail experienced the greatest adverse impact from the sudden economic downturn, with department stores; music, video and photography retailers; florists; furniture and furnishings retailers; booksellers; and cards, gifts and toy retailers being the hardest hit. In contrast, charity shop units increased by almost 7%, whilst the number of household discounters and mobile phone shops rose by 8% and 15.9% respectively. Convenience retail as a whole also held up well, although this was driven by big increases in the sub categories of independent, symbol and multiple convenience stores.

In relation to voids, the University concluded that some vacancy is important to 'healthy' high streets, since churn is essential to accommodate and facilitate rapidly changing occupier requirements. The report identified that those town centres/high streets most resilient to rising vacancy rates, in particular, were as follows:

- southern centres;
- smaller centres;
- centres with proportionately more service units pre-crisis;
- centres with proportionately more small, independent specialist stores pre-crisis;
- centres with an in-centre or edge of centre supermarket opening during 2006-2009;
- centres with lower levels of structural vacancy pre-crisis; and
- centres with attractive and facilitative physical structures pre-crisis (i.e. larger than average store sizes and higher levels of representation by the UK's 'top 20' magnet retailers).

The report concludes that a return to pre-crisis retail compositions and void rates is not only unlikely but also undesirable, although there is a note of caution in that the report states its research and conclusions – based as they are on an unstructured spatial sample and omitting London - may not be representative of the UK as a whole.

While the available is important in providing trend assessments and retail rankings, it is thought to lack the empirical richness of understanding the local factors that are impacting on high streets/town centres. Even within retail studies undertaken for local authorities, or monitored through town management, however, analysis of this relationship, particularly its causative elements, is rare.

[52]British Retail Consortium (2011): BRC-Bond Pearce Retail Employment Monitor. See http://www.brc.org.uk/brc_news_detail.asp?id=2077&kCat=&kData=1
[53] Wrigley N and Dolega J, Resilience, fragility and adaptation: new evidence on the performance of UK high streets during global economic crisis and its policy implications, Enviroment and Planning, 2011

5.3 Physical and spatial factors

5.3.1 High street/town centre configuration

Since the 1980s the idea of 'the high street' as the principal shopping area has given way to a much more mixed picture of retail. The physical spaces where people shop now fall into a wide range of types, with an increasing bias towards 'prime' locations, whether in city centres or out-of-town retail parks. Large-format stores, accessible by car and where all shopping is done under one roof, dominate the market to the detriment of traditional high streets. This trend is continuing, reinforcing the big-box format as the retail norm[54].

The physical format of the linear high street with a variety of shops facing onto the street has been overtaken by the multi-level centre with shops and services clustered around a central space with radial branches, accessed directly from an enclosed or nearby car park. Whether in-town, edge-of-town or out-of-town, the shopping centre format aims to provide customers with everything they need in one place and reinforces the idea of shopping as a leisure activity rather than a necessity.

The traditional high street suffers by comparison. A family with a buggy or an older person with mobility difficulties, for example, will find the convenience of an indoor, car-accessible centre outweighs the attractions of a high street that may be some distance from a car park or where parking might be expensive (see below), or where the alternative may be uncomfortable and unreliable public transport.

Over the last decade prime city centre developments such as Liverpool One and Westfield London have set a new standard in retail offer, raising consumers' expectations of the range of products on offer, convenience, cleanliness and security. In comparison the traditional high street environment is harder to manage, with a multiplicity of owners and occupiers, exposure to bad weather and the potential for antisocial behaviour. This is exacerbated by local authorities' financial stringencies. Street clutter, poor signage and poor shopfront design are all issues highlighted by local civic trusts[55]. Clusters of betting shops, drinking establishments or charity shops can all change the look, atmosphere and reputation of a high street. Enclosed, managed shopping centres are also perceived as safer. This was the case before the disturbances of August 2011, which mainly took place in high street environments. The British Retail Consortium reports that retail crime costs over £1bn a year and drives away customers[56].

5.3.2 High street/town centre access

Access and parking is a major issue, particularly where high streets have been pedestrianised. The ATCM notes that "accessibility to town centres via private transport is seen as a critical issue for policy-makers, high street businesses, the media and many other stakeholders"[57]. Alliance Boots, quoted by the Federation of Small Businesses (FSB), states:

"Businesses in towns with insufficient car parking lose customers to other destinations. Studies demonstrate that the quality of and access to parking provision within a five minute walk of main shopping streets has a significant impact on store performance."[58]

Car use and ownership has continued to rise in recent years and a saturation point is not expected until 2035[59], although the rising cost of fuel and falling household incomes may

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[54] CBRE, National Survey of Local Shopping Patterns, 2011
[55] Civic Voice, High Street Review submission, 2011
[56] British Retail Consortium, 21st Century High Streets: A new vision for our town centres, 2009
[57] ATCM/British Parking Association (BPA), Parking and the Town Centre, 2011
[58] Alliance Boots, Car Parking – A Retailer's View, quoted in FSB, Keep Trade Local: Parking –policies for sustainable communities, 2008.
[59] GVA Grimley, Retail Trends, 2011

change this projection. UK consumers, unlike their counterparts in many European cities, are heavily reliant on their cars[60] and this poses challenges for the high street, where creating an agreeable public space tends to be at odds with convenient access by car.

The literature about the economic impacts of parking on high streets and town centres tends to be focused at the local level, and is not reliably capable of extrapolation beyond this scale. Indeed it is more likely to be expressed in local parking strategies, or local authority decisions on parking policy, than in ex-post evaluative treatments. This is not to say that no evidence exists – the record of a decision made by Swindon Borough Council on the extension of a reduced tariff scheme is notable for a detailed evidence base of impact on footfall, car park usage, and retailer opinion[61].

But more generally, the ATCM and British Parking Association (BPA) have recently acknowledged the limitations of the evidence base around this issue, and are moving forward with proposals for more detailed primary research[62.] It is worth noting however that the value proposition of car parking in town centres relates not just to price. Issues such as capacity, location, suitability, demand and public transport options/availability are all important.

5.4 Market and competition factors

The changing market share of out-of-town shopping centres, major supermarkets and retail parks etc, in comparison to high streets and town centres, demonstrates that consumers are voting with their feet. Later in this section we raise the issue of whether this is informed by real understanding of the choices on offer, but in the first instance it must be recognised that these actors have understood the changing attitudes and preferences of consumers, as well as shaping them by information and circumstances.

One of the most fundamental changes in the retail landscape over the past decade has been a shift in consumers' attitudes towards shopping and, importantly, how they like to shop. Today's consumers are increasingly time pressed and convenience has become the 'buzz word'.

Whilst the early 2000s were characterised by free-flowing credit and strong retail sales, the recent economic downturn has made consumers much more cautious in their spending habits, leading to what some commentators have described as 'the age of austerity'. Consumers have become increasingly price sensitive and retailers are having to offer strong promotions and discounts in order to maintain sales volumes, often at the expense of profit margins. This has led to the huge growth in discount formats and value retailing. And shoppers are now much more willing to do research and shop around, often online rather than physically before committing to a major purchase.

Choice will always remain an important factor and limited ranges with poor stock levels are no longer acceptable - consumers expect a wide range of readily available product. As a consequence, retailers have responded by requiring larger unit sizes that are regular shaped in order to maximise stock levels.

In the current difficult economic times, consumers are more demanding than ever and maintaining customer loyalty is an important objective for retailers. Service and ambience also play a valuable role in achieving this.

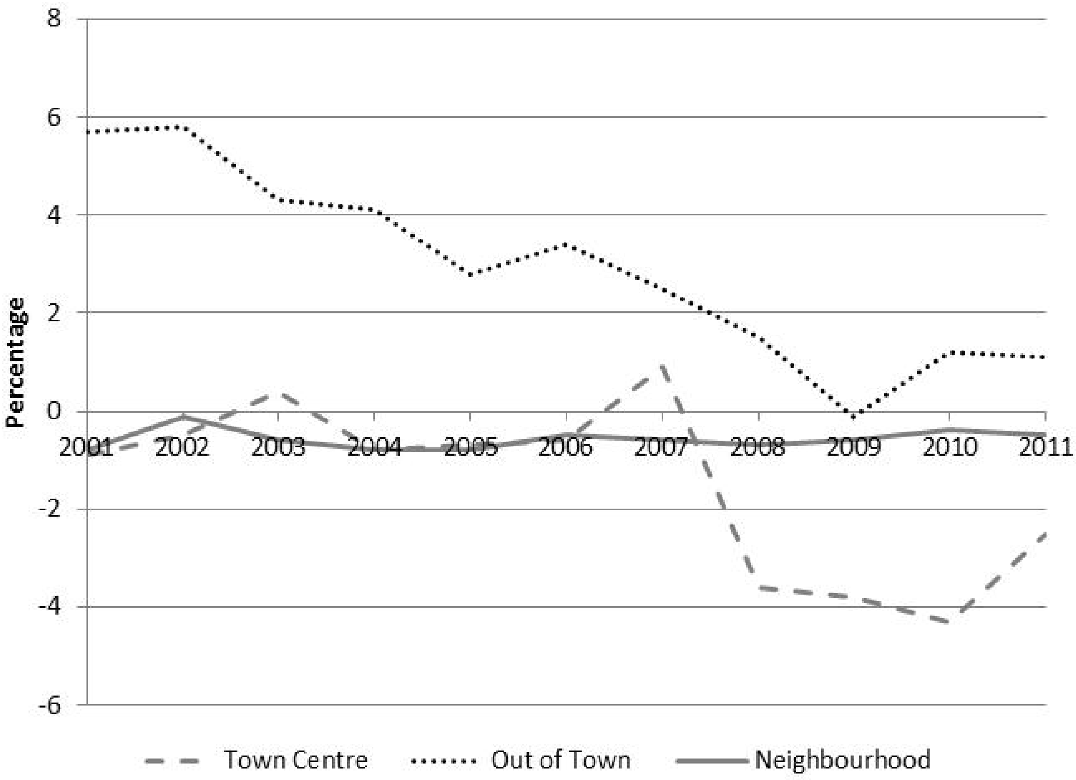
In this context, a key question which the literature does not answer is how consumers balance notions of value, and of price. More sophisticated evidence of whether and by how much shoppers value the offer of their high street (not just in terms of the price of an item), in comparison to what may be a cheaper proposition from elsewhere, is wanting.

[60]Campaign for Better Transport (2011). Car Dependency Scorecard 2011. [online] http://www.bettertransport.org.uk/system/files/european-car-dependency-scorecard-2011.pdf
[61] Swindon Borough Council, Review of Impacts of Changes to Car Parking Charges, 2011
[62] ATCM/BPA, Parking and the Town Centre, 2011

5.4.1 Structural change - growth of Out of Town retail parks

Since 2001, according to Verdict, the amount of out of town retail floorspace has risen by 30%, whilst that in-town has fallen by 14%. Although the annual growth in out of town space has slowed in recent years; it remains positive, unlike that in-town (Fig. 20) which has been in decline for much of the past decade, particularly since the onset of the economic recession.

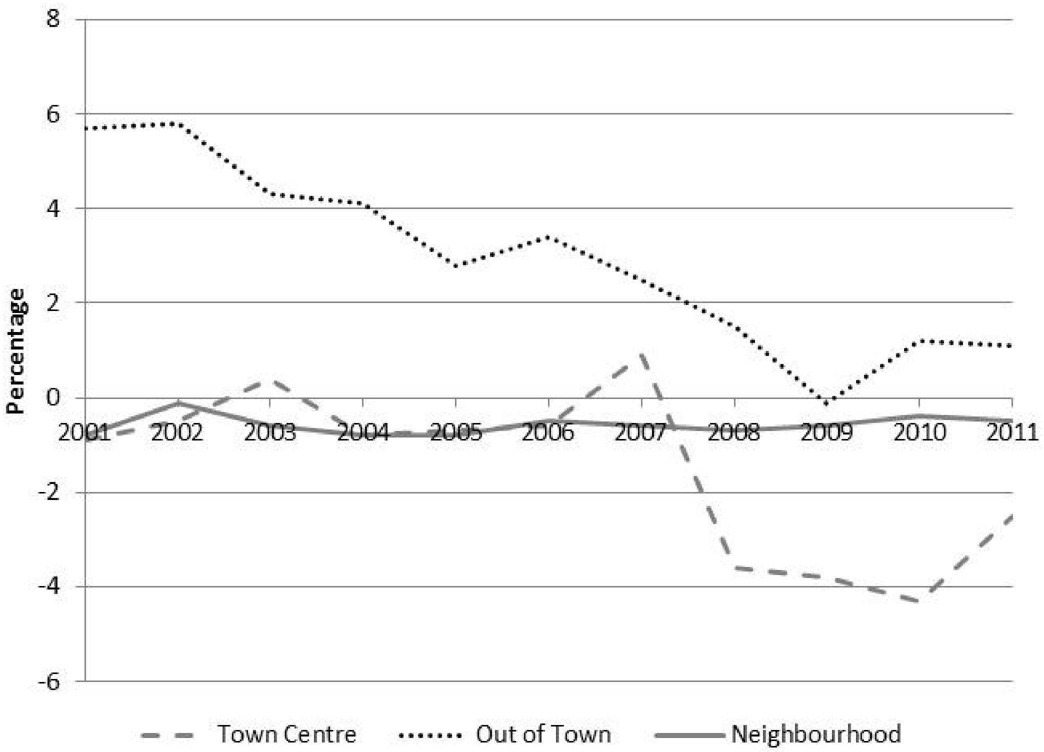
Figure 20: Growth of Retail Space by Location 2001-2011



Source: Verdict Research, UK Town Centre Retailing, 2011.

Figure 21 shows that over the past decade town centres have been losing expenditure market share at the expense of the out of town (comprising retail parks and supermarkets) and non-store sectors.

Figure 21: Share of Total Retail Expenditure by Location, 2001-2009



Source: Verdict Research, UK Town Centre Retailing, 2011.

The growth and success of 'out-of-town' and 'edge-of-town' retail parks can be attributed to a number of factors:

- many traditional high street shops are too small or of irregular shape for multi-outlet retailers who want to display their wares (especially bulky goods) in the best possible situation and see consistent delivery of their brand offer.
- the long established rent review process whereby once a tenant signed a long term lease (25 year leases were the norm, with quarterly rental payments) with a landlord, in which the rent could only be increased on review, usually every five years, rather than reflect the trading conditions of the location at the time, resulted in units that were unaffordable for incumbent retailers or too expensive for an assignee. There is a residual overhang of leases signed as far back as 1987 at a time when sales within the retail sector were more buoyant and have since seen the rent reviewed upwards on four occasions, despite the malaise within high street retailing.
- zoning rents in high street locations, whereby retailers had to pay more depending on the width of the frontage of the store, was replaced in these 'out of town' developments by a flat pound per square foot model which enabled retailers to take wider fronted stores.
- shoppers migrate to new and bigger retail units – a configuration which naturally suits the out of town/edge of town development. An example of this dynamic is found at the Westfield Bradford centre (about to break ground), where the owner has decided to reduce the number of shops, but increase their individual size[63];
- good road links, ample free parking and longer opening hours, including Sunday trading, make retail parks attractive to consumers. Although most high street stores

[63] Estates Gazette, UK Town Centre Losers and Winners over the last 13 years, Blog entry, 28 October 2011

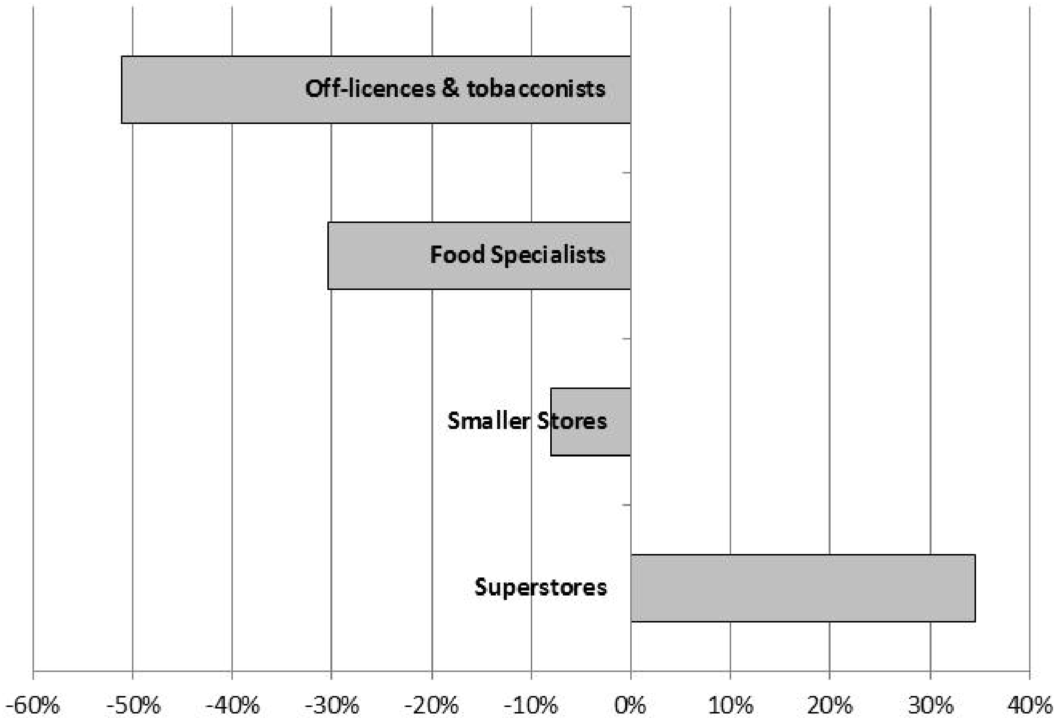
and in-town shopping centres now also open on Sundays, the expanding tenant mix on retail parks is proof of their continuing success.

The initial beneficiaries of purpose built retail parks were the ‘bulky goods’ DIY operators, ‘big box’ electrical and furniture and carpet retailers. However, over the last decade an ever increasing range of retailers have moved on to retail parks, including many A1 retailers which have traditionally traded from high street locations[64].

5.4.2 Structural change - growth of the supermarkets

Since 2001, the number of superstores in the UK has grown by 35%, whilst all other forms of grocery outlet, particularly the food specialists and off-licences/tobacconists, have declined (see Figure 22).

Figure 22: Percentage Change in Total UK Store Numbers, 2001-2011

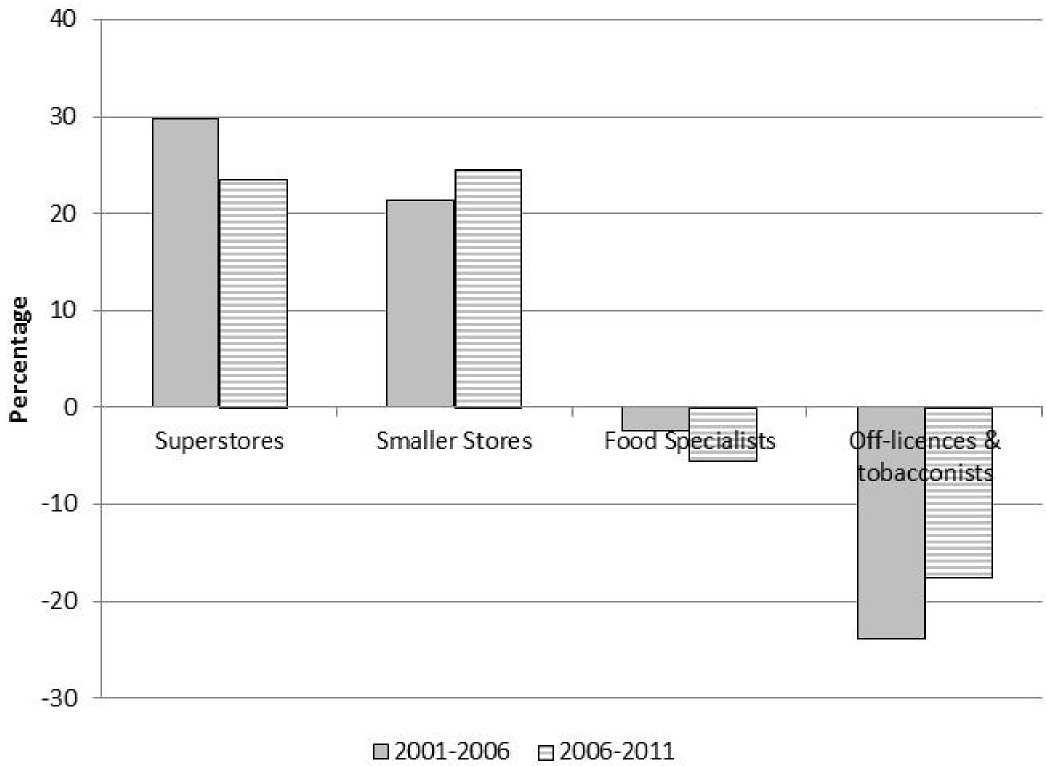


Source: Verdict Research, UK Town Centre Retailing, 2011.

Major benefits of supermarkets include ease of access (for those with cars), free parking and a wide choice of products. Not surprisingly, they have achieved big gains in sales (Fig. 23), primarily at the expense of food specialists and off-licences & tobacconists that are often located within centres.

Figure 23: Percentage Change in Sales by Retailer Type

[64] A trend evident in the 1980s, see J. Dawson, Futures for the High Street, in The Geographical Journal, Vol. 154, No. 1, March 1988



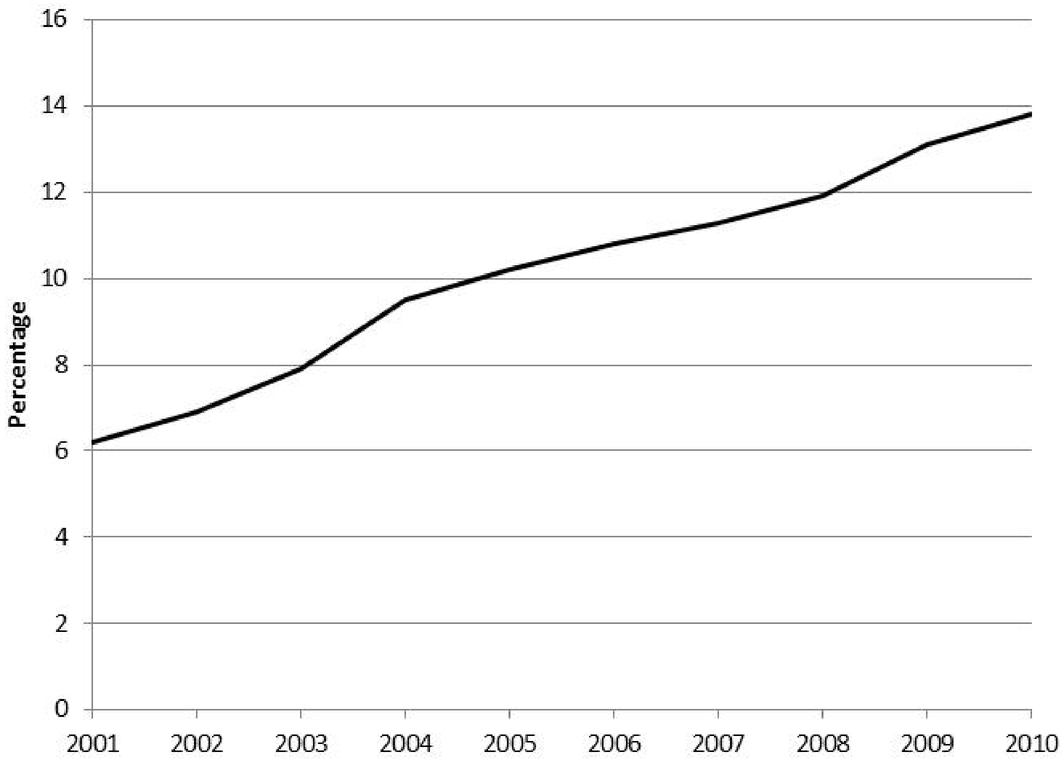
Source: Verdict Research, UK Food & Grocery Retailers, 2011.

The overall size of the convenience goods market has stagnated due to the recession and continuing economic fragility. Verdict estimate that total spending this year on convenience goods will be virtually the same as in 2005 in real terms, whilst the forecast for the coming years is for only very modest growth. Given this virtual ‘cap’ on market size, it is not unexpected that as some retailers and formats of grocery store increase market share and sales, others retrench and lose share and trade, resulting in store closures. In reality, it is the independent convenience retailers that have been forced out of the market mainly as a result of the relatively recent and rapid expansion of the multiples both out of centre and in-centre. Many of these independents have traditionally been located in town centres. Verdict[65] estimate that the share (by spend) of the convenience food market (a sub market of all convenience goods) taken by independents has fallen from 29.1% in 2005 to 22.6% in 2009. Verdict predict the share will continue to fall to just 15.7% by 2014.

Not only has the number of supermarkets increased, but their penetration of the non-food market has also extended rapidly. For example, in 2005, Verdict estimated that grocers’ allocation to non-food space was 27.8%, but by 2010 this had risen to 34.8%. As a result, grocers’ share of non-food sales has more than doubled over the past 10 years, moving from 6.2% in 2001 to an estimated 14.2% in 2011 (see Figure 24).

Figure 24: Grocers' Share of Non-Food Sales 2001-2010

[65]Verdict Research, UK Convenience Food Retailing, 2011.



Source: Verdict Research, UK Non Food in Grocers, 2011.

In addition to the move by the grocers into non-foods, they are also expanding into services. Just recently a major operator has even moved into the beauty salon business, offering shoppers a whole range of treatments including manicures, haircuts and colour, waxing and spray-tanning. Clearly, supermarkets now compete with the high street across a wide range of goods and services.

While this is clearly a potential threat to the traditional high street, there is some concern among retailers themselves that it might harbour dangers for the supermarkets, precisely because it leaves them vulnerable to accusations of their power and influence growing tOo great[66].

5.4.3 Structural change - shopping centre development

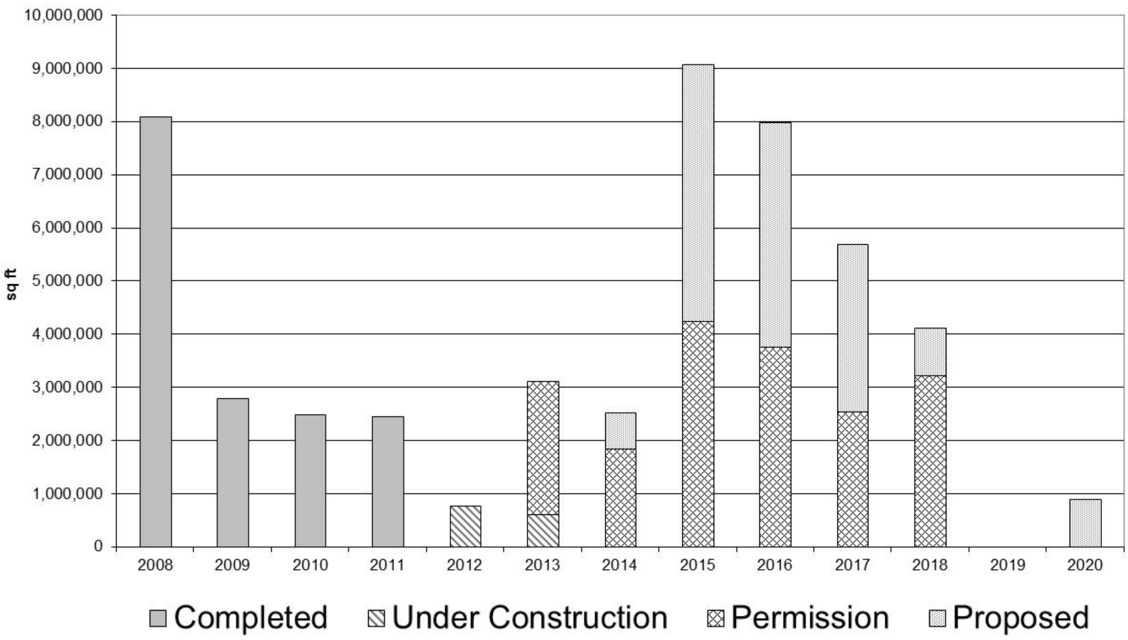
As developers have understood customers' changing attitudes there has been a boom in shopping centre development, both in-town and, prior to the introduction of 'town centres first' policies, out of town, with more than 88m ft2 of retail space built in the two decades to 2009[67]. This over-supply has particularly affected older shopping centres which are increasingly looking outdated and unattractive, and where property speculation by owners has led to high levels of indebtedness and a lack of investment in management and infrastructure[68].

These older centres are predominantly in town centres or on the edge of town, unlike the large regional centres built in the 1990s. As they fall into disuse or disrepair they blight the surrounding area. The Galleries in Wigan is one example.

[66] The KPMG/SPSL Retail Think Tank, The ongoing and future roles of the supermarkets in the retail sector, 2011.
[67] Thompson. D, Empty Shops Toolkit, 2010
[68] British Council of Shopping Centres, The Impact of the Recession on Secondary Shopping Centres, 2010

Meanwhile many town and city centre developments have stalled because of the recession, with development concentrated in prime locations such as Westfield Stratford (next to the Olympic Games site) and Trinity, Leeds. This has led some major town centre retailers such as John Lewis to start looking for out-of-town opportunities for expansion[69]. The £700m Tithebarn town centre development in Preston could now be shelved after John Lewis pulled out[70]. According to Colliers International[71], the UK shopping centre development pipeline at October 2011 stood at 34.2 million sq ft, a fall of 256,200 sq ft over the previous 12 months (Fig. 25). However, only 4% of the pipeline is currently under construction, and so it is quite possible further schemes will be shelved or delayed should the difficult economic conditions continue.

Figure 25: UK Shopping Centre Development Pipeline by Year of Opening & Status, as at October 2011

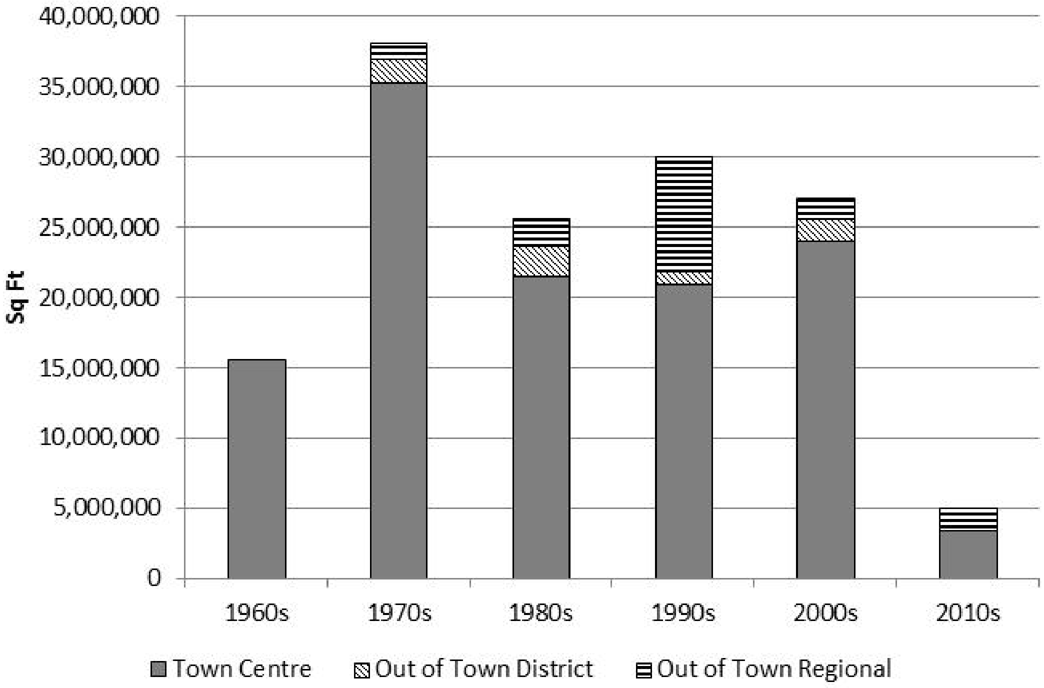


Source: Colliers International

Figure 26 indicates that the amount of new shopping centre floorspace peaked in the 1970s at just over 38 million sq ft – 93% of which was located in town centres. In the 1980s and 1990s, however, the amount of out of town shopping centre floorspace expanded significantly without even taking into account the considerable space taken up by retail parks and the supermarkets. Since the on-set of recession the quantum of new shopping centre floorspace being developed has fallen as new schemes have been shelved or put on hold.

Figure 26: New Shopping Centre Floorspace by Decade

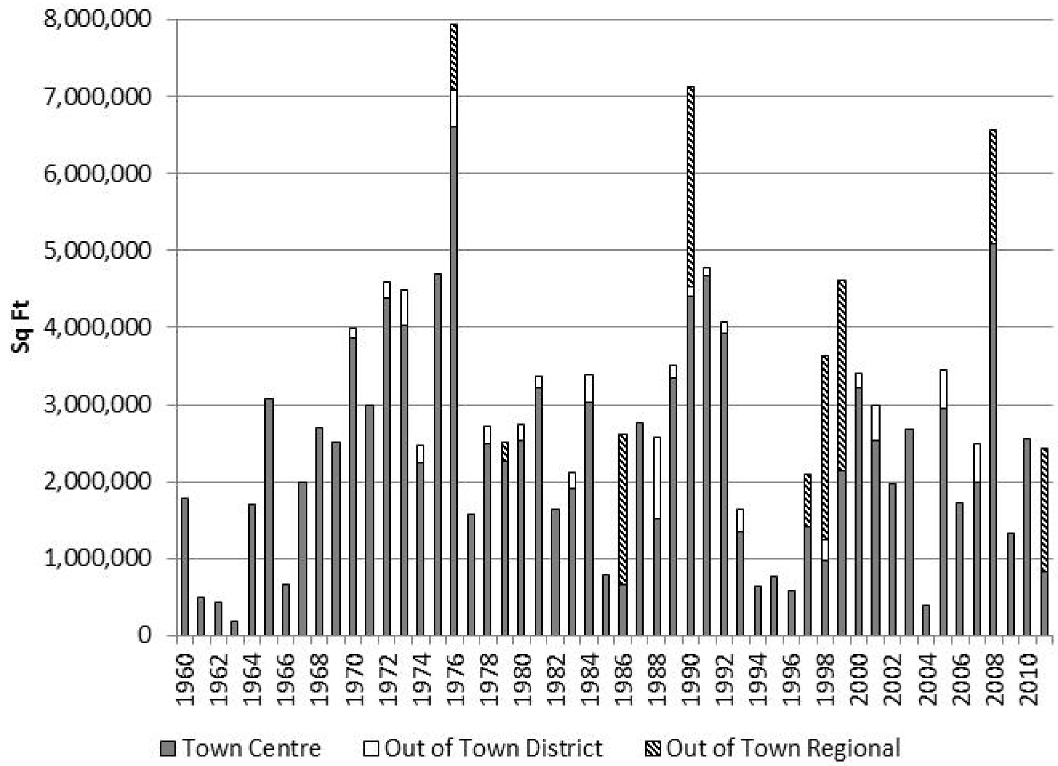
[69]GVA Grimley, Retail Trends, 2011
[70]Preston Tithebarn scheme abandoned after John Lewis withdrawal. BBC News, 3 November 2011. [online] http://www.bbc.co.uk/news/uk-england-lancashire-15571764
[71] Colliers International, UK Shopping Centre Development Pipeline, Autumn 2011.



Note: Excludes supermarkets and retail warehouses/retail parks.
Source: Colliers International/EGI

Brent Cross shopping centre in northwest London is credited as being the first standalone shopping mall in the UK, opening in 1976. Since then a number of out of centre developments have opened many on a significant scale. Most recently (Fig. 27), Westfield has opened two regional centres at White City and Stratford in London. Although most of the out of centre regional shopping centres malls date back to the 1980's and 1990's their dominance in the retail market has risen as a result of the concentration of consumer retail expenditure and retailer store portfolios towards larger retail destinations.

Figure 27: Shopping Centre Openings by Year



Source: Colliers International/EGI

These huge out of centre comparison shopping venues offer retailers large, regular shaped units with easy access for deliveries, whilst consumers are presented with a wide range of, in the main, known multi-outlet brands, in an enclosed centre with excellent transport links and, usually, free parking. Evidence, although limited, suggests stores of this scale are also more productive[72]. In addition, local authorities often get the kudos of having an attraction on what was once a brownfield site, income from the tenants via business rates, a halo effect for local service providers and employment opportunities for the resident population.

5.4.4 Structural change – 'Clone town' syndrome

Even before high streets began to suffer the impacts of the recession (see externalities), the New Economics Foundation had drawn attention to their failure to offer an alternative to the new retail model of large-format and out-of-town stores.

The Clone Town Britain[73] report highlights the lack of diversity in many high streets (focusing on their retail offer and loss of independent shops) while the recent follow-up report, Reimagining the High Street[74,] highlights the need for high streets to offer a much wider mix of activities to draw the public in.

While the traditional high street could compete with out-of-town and self-contained shopping centres by offering a different range of attractions, this alternative offer has often been undermined by the loss of retail elements, particularly small, local independent

[72] Cheshire, P., Hilber, C. and Kaplanis, I., Evaluating the Effects of Planning Policies on the Retail Sector: Or do town centre first policies deliver the goods?, SERC Discussion Paper 66, 2011
[73] New Economics Foundation, Clone Town Britain, 2004
[74] New Economics Foundation, Reimagining the High Street, 201

traders, and other facilities which have, in the past, helped to diversify and differentiate the high street offer[75]. Some examples include:

- in the second half of the 20th century the number of butchers fell from over 40,000 to fewer than 10,000, and the number of fishmongers from 10,000 to 2,000[76];
- street markets, despite the recent burgeoning of farmers' markets, are in decline in many areas and in need of investment and more effective management[77];
- Local authorities are making the case that funding constraints are putting high street libraries and leisure facilities at risk[78].

These are a handful of examples from the literature. While these examples and others[79] have opened up a debate about the kind of high streets we might want and need in the 21st century, there is no evidence that planning decisions or shopping habits have shifted significantly as a result. Many high streets are now poorly aligned with customers' needs and wants, either as shopping destinations, leisure facilities or as public and community service centres.

5.4.5 Technological change - e-commerce and m-commerce

Technology and social media have increased the negotiating power of consumers to levels never seen before, but also the power of the biggest companies who can gather and aggregate customer information, and invest in research and development of applications within these channels. The growth of e-commerce and, more recently, m-commerce is becoming a key feature of the UK retail market and is an increasingly important driver of shopping patterns and thus high street performance.

Over the last 10 years the penetration of internet access within UK homes has continued to increase. According to the ONS, in August 2011 77% of UK homes had internet access, 94% of which was broadband. This has led to dramatic sales growth in pure internet retailing and, progressively, in multi-channel shopping, whereby the internet as well as some other part of the traditional retail purchase process is utilised, e.g. browse in store, purchase online or the opposite 'click and collect' - purchase online and the product is ready and waiting to be collected in store.

Online retailing appeals to consumers because it is convenient to browse 24/7; there is a wider range of products than can be viewed in any one store or indeed retail location. Successful retailers trading on the internet have largely addressed early consumer concerns regarding personal/financial data security and efficiencies in the supply chain. In addition, products are usually cheaper online.

The largest internet traders enjoy similar economies of scale and buying power to the big supermarkets, with particular impacts on high street bookshops and music stores. Online music and DVD sales have also been able to escape VAT by using Jersey-based offshore companies to sell goods, using a VAT waiver provision known as Low Value Consignment Relief, which allows goods under the value of £18 to be shipped VAT-free from non-EU countries. From April 2012 the waiver will no longer apply to goods sent from the Channel Islands, in a move described by HM Treasury as "…ensuring that UK companies, especially small and medium sized enterprises, can compete on a level

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75 See, for example, Conservative Party Small Shops Commission, Disappearing Britain – why we must stand up for small shops, interim report, 2008; Federation of Small Businesses, Keep trade local: local solutions to local problems, 2010; New Economics Foundation, Clone Town Britain: the loss of local identity on the nation's high streets, 2004

76 The Competition Commission, The Supply of Groceries in the UK Market, 2008

77 House of Commons Communities and Local Government Committee, Market failure? Can the Traditional Market Survive?, 2009; London Development Agency, London's Retail Street Markets (Draft Final Report), 2010

78 LG Group, Response to the High Street Review, August 2011

79 See the National Retail Planning Forum's Briefing Paper 14, 'Retail Diversity' (2010), for a comprehensive bibliography

playing field with those larger companies with the resources to set up operations in the Channel Islands"[80]. In terms of influencing shopping trends, however, this may be too late to make a significant difference.

Internet trading offers many of the same advantages of price and convenience as out-of-town retail parks, with the added advantage that the goods are delivered to the customer. It is no surprise that, while the internet offers a low-cost point of entry for new businesses and independent specialists, trading is dominated by the same businesses that dominate physical retailing.

According to Javelin Group[81], e-commerce accounted for nearly half of all retail sales growth in the UK between 2003 and 2010, whilst Table 8 confirms that total online spending almost trebled between 2004 and 2010. Although year on year growth in online spending peaked in 2007, as a percentage of retail expenditure it has risen steadily since 2004. GVA Grimley[82]predicts online spending will grow by one third per person by 2014, while a presentation for the recent World Retail Congress suggests this reflects global trends, with internet shopping growing by 10% per annum worldwide.[83]The growth of e-commerce is putting pressure on physical stores and has effectively forced the closure of some long established brands such as Virgin and Our Price in the music sector.

Table 7: UK Online Retail Statistics

Year	Total Online Spending (£m)	Y-O-Y Growth (%)	% of Retail Expenditure
2004	6,026	28.5	2.3
2005	7,847	25.4	3.0
2006	10,394	30.9	3.8
2007	13,880	32.5	4.9
2008	17,177	23.8	6.0
2009	19,936	16.1	7.0
2010	23,091	15.8	8.0

Source: Verdict Research, UK E-Retail, 2011.

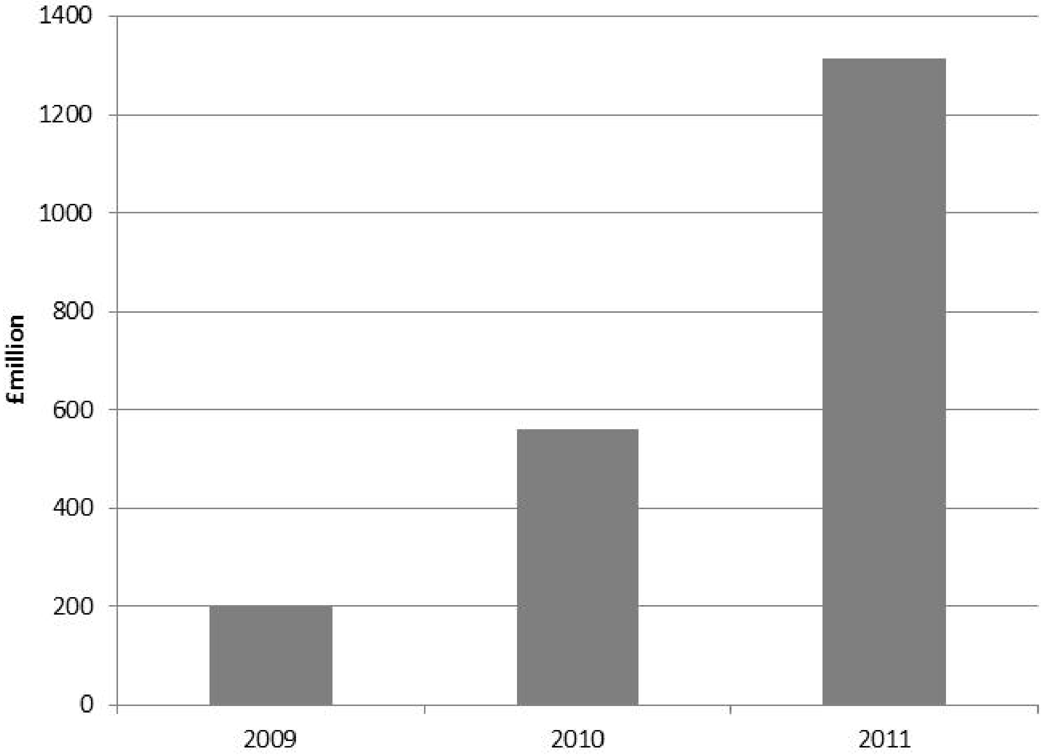
Over the last 10 years, consumer behaviour has changed dramatically and at a rate not seen by previous generations of retailers. In addition to home internet use, the introduction and roll-out of 3G networks has enabled the fast transfer of data through high-speed, high-bandwidth wireless services for advanced applications. The subsequent frequent upgrading by consumers to mobile phones with newer devices (iPhones, Blackberry, Android and other smartphones) and the introduction of other personal portable devices (iPads, Samsung Galaxy, Blackberry Playbook) has given them access to 'on demand' product information, product availability and retail prices.

Although m-Commerce is only a very recent innovation, it has seen rapid growth over the past couple of years. Verdict reports that the m-commerce market will be worth £1.3 billion in 2011, having seen growth of 563% since 2009 (Fig. 28). Recent research suggests that while 'm-commerce' is currently a niche channel, accounting for around 0.5% of total retail spend (with food and groceries the predominant purchases), it will

[80] House of Commons Daily Hansard, Written Ministerial Statement on VAT-Low Value Consignment Relief, 9 November 2011
[81] Javelin Group, How many stores will we really need? UK non-food retailing in 2020, October 2011.
[82] GVA Grimley, Retail Trends, 2011
[83] Presentation for World Retail Congress, September 2011

grow from £1.3bn in 2011 to £19.3bn in 2021 (4.9% of total retail sales), with growth of 55% over the next five years[84].

Figure 28: UK M-Commerce Market Size 2009-2011



Source: Verdict Research, UK E-Retail, 2011.

Although the sector remains a small proportion of both online spending (5%) and total retail expenditure (0.4%), its rapid growth and the increasing use of mobiles by consumers as part of the shopping process means it is an area that retailers cannot afford to ignore. It is expected that the mobile will become a crucial tool for shoppers to research purchases, utilise vouchers and discount codes, check product availability, compare prices and perform a number of other retail related functions. Retailers will need to adapt to this trend with mobile optimised websites, apps and careful reputation management, or risk losing out to competitors.

Consumers' use of technology and social media has spawned new business models such as Groupon, whereby the company offers one "Groupon" ("group coupon") per day in each of the sectors in which it operates; provided a certain number of people sign up for the offer, then the deal becomes available to all, if the predetermined minimum is not met, no one gets the deal that day. For the retailer, there is a clear trade-off between increased trade and the prospect of return visits, and temporarily reduced turnover/margins.

[84] Barclays, Consumer Spending on mobile devices set to top £19 billion a year by 2021 (press release, 17.10.11)

5.4.6 Consumer information

Not only can the largest retailers compete because of their buying and pricing power; they also have the advantage of detailed information about their customers' needs and wants through the collection of information about purchases. Tesco and Amazon are particularly adept at gathering customer data and targeting offers to match. By contrast, local loyalty schemes demand coordinated gathering and analysis of information among a wide range of retailers; many are poorly resourced and lack the technological know-how that lies behind the big retailers' loyalty cards[85]. Similarly, the Retail Markets Alliance highlights the lack of data-gathering as one reason for some markets' poor performance[86].

In addition, out of town centres/in town shopping centres commonly have highly sophisticated mechanisms for understanding and addressing their catchment markets which are assembled and utilised on behalf of occupiers. These mechanisms give the out of town/shopping centres a strong evidence base for adjusting formats, product ranges, pricing etc. In the high street this level of 'business planning' support simply does not exist – each business is pitching into a catchment market on which there is a variable level of understanding and data.

5.4.7 Property factors

Property ownership in town centres and on the high street has always been complex and fragmented. Owners are numerous and often many are not even local. Typically, landlords are out to maximise their own financial returns, with little interest in wider issues.

During the long period of time when town centres and high streets dominated the country's retail landscape, the drawback of this ownership and management model did not manifest itself. However, the proliferation of out of town regional shopping centres, retail parks and supermarkets – originating in the 1980's – has created a relatively new and substantial body of retail competition.

These competing retail formats are commonly under single ownership, which facilitates efficient management of the asset; tenant mix strategies, store re- configurations, physical upgrades and extensions etc can all be readily implemented and tailored to occupier demand and the demographics of the catchment population. Accordingly, whereas these new retail formats have continued to grow sales and market share on the back of pro-active management, the uncoordinated approach of property owners on the high street has made it much more difficult for town centres to compete. In recent years, these 'limitations' have led directly to the establishment of Town Centre Managers and the creation of Business Improvement Districts (BIDs). The over-arching objectives here are to repair, relocate and revitalise.

The onset of recession in 2008 and the continuing fragile economic conditions are causing difficulties for many retailers; they are faced with stagnating or even falling sales, whilst their operating costs continue to rise. The traditional upwards only recent review is clearly an important factor here. Although prime town centre retail rents across England, on average, have fallen by 13% since their peak in 2008, there is a widely held belief that many retail properties outside of London and the South East remain over-valued. This has contributed to the rise in high street vacancy rates.

Facing a similar problem, the government in the Republic of Ireland is close to finalising a law which will allow small retail businesses to get a reduction in their rent if they can prove they will not be able to survive the economic downturn without a cut[87]. If passed

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[85] Action for Market Towns, The Role of Loyalty Cards in Market Towns, 2010
[86] Retail Markets Alliance (2009). Markets 21: A policy and research review of UK retail and wholesale markets in the 21st century.
[87] Irish Sunday Independent, 9 October 2011.

this law will remove the scourge of upwards-only rents, which is considered a threat to the viability of the Irish retail sector. However, the new 'market rent' will only apply for five years and there will be safeguards for landlords built in, aimed at ensuring that the market remains viable for national and international property investors.

In terms of high street retail investment, the gap between prime and secondary markets continues to widen; demand at the prime end of the market remains largely unsatisfied, whilst there are few, if any, buyers for poorly located, secondary stock which is dominated by struggling retailers on short leases and voids[88]. These conditions are set to continue for some time and fragmented property ownerships, particularly common in secondary and tertiary frontages, are likely to make it extremely difficult for these areas to successfully regenerate themselves without some form of 'outside' support from local authorities.

5.5 Demographic factors

There is currently a limited treatment and understanding of the potential impacts of demographic changes on the high street, and on consumer preferences in general. Work on segmenting shoppers/high street visitors, for instance, tends to focus on immediate snapshots of preferences, rather than forecasting. In this sub-section we consider two areas of the demographics debate that seem to be most pertinent to the issue of high streets, but the limitations of the literature remain evident, and this is an area that would benefit from specific research.

5.5.1 The 'grey pound'

Britain's population is increasing, with the largest increases expected in London and southeast England. The number of households in England is expected to increase by 5.8m between 2008 and 2033, an increase of 27 per cent, according to DCLG figures[89].

While this will stimulate demand for groceries and household goods, the age profile of the population will shift patterns of demand. The Office for National Statistics (ONS) projects that by 2020, there will be around 13.7m people aged 60 and over compared to around 11.7m in 2010. In percentage terms, those aged 60 and over will account for 24% of the England population in 2020 compared to 22% in 2010[90]. Analysis suggests that this will result in a rise in spending on food and drink, health and recreational activities, and cultural services.

While the 'grey pound' of the better-off may be spent on leisure activities, from hobbies to holidays, there will also be a significant increase in the number of elderly people with limited mobility and high care needs. Many of these will not be well-off and may require personal care from relatives, limiting their ability to take up work. Older people with disposable income may be more likely to prefer the convenience of online shopping to visiting the high street[91].

5.5.2 Effects of the student population on high streets

While there is limited evidence of the direct economic impact of students on high streets and town centres, it is clear that university towns have benefited from substantial growth in the student population over the last decade.

[88] Colliers International, Midsummer Retail Report 2011, June 2011.
[89] DCLG (2010). Household Projections, 2008 to 2033, England. [online] http://www.communities.gov.uk/publications/corporate/statistics/2033household1110
[90] ONS, National population projections, 2010
[91] GVA Grimley, Retail Trends, 2011

This growth has included an expansion of both UK-based undergraduates and international students, many of them postgraduates. The expansion of student numbers has fuelled an increase in the provision of purpose-built student accommodation, much of it in town and city centres, and (anecdotally) an increase in leisure-related spending.

The Higher Education Statistics Agency[92] reports a record number of 2.49m students at 165 UK institutions in 2009/10. This represents an increase of 9.3 per cent over five years. Of this, 48.5 per cent were studying full-time for a first degree and 12 per cent were full-time postgraduate students. There has been a corresponding increase in the number of academic staff employed, although an increasing proportion of these are on short-term or freelance contracts. The university sector as a whole spent £25.9bn in 2009/10.

There has been high growth in the number of international students, with 405,810 studying in the UK in 2009/10 – a 10 per cent increase on the previous year. Of the 335,000 studying in England, nearly a quarter were based in London. China and India contributed more than one fifth of all overseas students[93].

More than 40 per cent of students rent privately, and there has been a significant expansion of purpose-built privately run halls of residents, which now accommodate 7 per cent of students. Average rents for purpose-built student accommodation rose by 68 per cent between 2001 and 2009, indicating high levels of demand[94].

However there is now over-supply in some areas; universities' own development programmes are being constrained by funding cuts; and a growing proportion of students are living in the parental home. The growth of the international student population is likely to be affected by a tougher immigration regime, while increased tuition fees for English students may curb the domestic growth in student numbers.

While it is too early to say how this will affect students' spending and impact on the high street, there are signs that the student-oriented leisure market of bars and clubs has passed its peak in many areas. Britain's biggest nightclub operator, Luminar, recently filed for administration, putting 77 venues and 2,700 jobs at risk[95].

To date there is limited evidence on the impact of population and demographic trends on the performance of the high street, but it is a factor which should be considered in more detail.

5.6 Regulation and legislation

At the local level, it is evident that 'town centre first' policies have not been sufficient to create thriving town centres and high streets across the board, at least not in the context of other influencing factors. There is an emerging debate about the role of the planning system and its impact on high streets, with some arguing that it is not strong enough and others that it is too heavy-handed.

The current government's view is that the current system needs to be radically simplified, with a presumption in favour of 'sustainable development' in the draft National Planning Policy Framework. The LG Group of local authorities has argued for more flexibility in the planning system, claiming it has not allowed councils to respond swiftly to changes in market conditions and calling for greater flexibility on changes of use. Local authorities

[92] Higher Education Statistics Agency, Higher Education Statistics for the United Kingdom 2009/10, 2011. See http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=2275&Itemid=278
[93] UK Council for International Student Affairs, http://www.ukcisa.org.uk/about/statistics_he.php
[94] GVA Grimley, Student housing: market overview, summer 2010.
[95] Bowers, S. Nightclub operator Luminar collapses putting 2,700 jobs at risk. Guardian.co.uk, 26 October 2011

also want to be able to use Local Development Orders without seeking the secretary of state's approval first[96].

According to Civic Voice, which is a network for civic trusts and societies, however, local authorities' good intentions are often thwarted through 'planning by appeal' by major retailers and supermarkets, who repeatedly challenge councils' decisions, resulting in lengthy and expensive referrals to the Planning Inspectorate[97]. Civic Voice feels councils have generally been too weak in their resistance to challenges by developers, although this may be explained by the limited resources at their disposal to defend such actions.

A contrary view is put forward in a study by the London School of Economics[98], drawing on extensive data from a major supermarket group. This study argues that land use planning has added excessive costs to retail development in the UK compared with other countries, resulting in a loss of productivity – it is comparatively more expensive to trade in the UK than in other parts of the world. In such circumstances the bigger, out-of-town or edge-of-town centres with easy access to major routes and economies of scale fare better than town centre stores. The study argues that the burden of regulation is a major factor in the cost of development in the UK.

Regulation in the UK is clearly a contested area, with differing views on its impact on high streets/town centres. While the LSE study would suggest the costs of development are excessive, evidence from the British Council of Shopping Centres and others on the over-supply of retail space would suggest regulation has not acted as a significant brake on the market. It may, however, have impacted on the viability of retail provision when costs are passed down the line in the form of rents and business rates. The LSE study does not argue that reducing the regulatory burden would benefit town centres; rather it argues that it would allow larger and therefore more productive stores, reducing costs to the consumer. There is clearly a trade-off between viable town centres, customer satisfaction and the expansion of out-of-town shopping; the evidence is that the current paradigm has not stemmed the decline of the traditional high street.

There is other evidence that regulation has not served its purpose, or not fully. Clusters of bars or betting shops are seen as attracting antisocial behaviour, and while the LG group argues that councils are making the licensing system work, it acknowledges continuing problems.

Just as there are complaints that regulation is not strong enough, there are also criticisms that it is too overbearing and bureaucratic. The Meanwhile Project, for example, cites the case of a temporary youth arts project in a high street delayed because a flood risk assessment was demanded in order to gain temporary planning consent[99]. Such delays disadvantage high streets looking to pioneer new ideas or respond quickly to market changes.

We have touched on the issue of competition. In 2008, the verdict of a substantial inquiry by the Competition Commission[100] into the impact of major supermarkets on competition was that consumer choice was being enhanced, despite arguments that their behaviour skewed the market in their favour and forced out smaller competitors. Since then calls for a retail regulator have been renewed.

5.7 Centre management factors

While the last decade has seen a wealth of town centre management initiatives, local partnerships, development masterplanning exercises and Business Improvement

[96] LG Group, Response to the High Street Review, August 2011
[97] Civic Voice, High Street Review submission, 2011
[98] Cheshire, P., Hilber, C. and Kaplanis, I., Evaluating the Effects of Planning Policies on the Retail Sector: Or do town centre first policies deliver the goods?, SERC Discussion Paper 66, 2011
[99] Meanwhile Project, No Time to Waste: The meanwhile use of assets for community benefit, 2010
[100] Competition Commission, 2008, op cit.

Districts, there is a continuing critique that town centres and high streets are not well managed and as a result are disadvantaged compared with supermarkets and shopping centres.

High streets are clearly difficult to manage. They have a multiplicity of owners and occupiers, often with different requirements. They are public spaces, which have the advantage of being genuinely open to a diversity of activities but the disadvantage of being harder to control when there is disorder or antisocial behaviour.

It is often down to the local authority to hold the ring. In a standalone shopping centre local authority involvement is limited; in a high street issues of planning consent, licensing, enforcement, business rate collection, street cleansing and recycling, highway maintenance and lighting, culture and entertainment all come together. More often than not these are the responsibilities of disparate departments that are managed in line with conflicting (or uncoordinated) departmental policies and targets. There is no shortage of advice and guidance on how to manage town centres better and measure their performance, with a wealth of publications and toolkits from the likes of Action for Market Towns, BRC, the Communities and Local Government department and more. But as Civic Voice has observed, funding for town centre managers is often regarded as a low priority by local authorities concerned with protecting statutory services.

This is an issue of leadership, yet local authorities' willingness to lead on the issue of high streets has been mixed. The British Retail Consortium (BRC), for example, suggests many councils have only a limited strategic approach to retail in their local development frameworks[101], despite the fact that many local authorities have commissioned extensive retail studies of their major centres.

The difficulties of inconsistent or non-existent management cannot all be laid at the door of the local council, however. Property owners and retailers also have a part to play. The British Council of Shopping Centres spells out the damaging effects of rapid turnover of ownership, lack of investment, and the lack of due diligence by asset buyers[102].

While there is a consensus in much of the literature that better management is essential to a revival of high streets and town centres, there appears to be little research into its effects over a period of time, or comparisons between towns with and without management initiatives. What we do not know from the available evidence is how much worse things would be on many of our high streets without the action that has been taken. There is no substantive evaluation of town centre management, or particular mechanisms such as BIDs, at the national level. Detailed evaluation at the local level, particularly focusing on return on investment, is limited. These lacuna make it impossible to offer a verdict on how management has ameliorated (or otherwise) high street decline. Close attention needs to be paid to towns where funding for initiatives such as town centre management or Business Improvement Districts has been withdrawn in recent years.

In the next section we explore in more detail the kinds of management initiatives that have been tested and some of their experiences.

5.8 Reflections on the drivers of high street change

Reviewing the various factors that have influenced what has happened to the high street over the last decade and more, the evidence suggests that the key influences relate to the structural changes in the market within which the high street/town centre sits, and the competition offered by major in-town shopping centres, and out-of-town centres, particularly those including/focused around major foodstores (which are now encroaching on other non-food aspects of the retail offer).

[101]British Retail Consortium, 21st Century High Streets: A new vision for our town centres, 2009
[102]British Council of Shopping Centres, The Impact of the Recession on Secondary Shopping Centres, 2010

The evidence does show a clear correlation between the rise of large-format stores (particularly foodstores) and the decline of smaller, independent high street stores, but it is important not to assume the introduction of one is the cause of the other, or that this is the sole factor impinging on high street performance. ResPublica, for example, argues that a combination of weak planning policy and practice, aggressive pricing and dominance of supply chains have all combined to entrench supermarkets' advantage[103].

On this critical issue the literature is limited, and as a result inconclusive.

The case as put by those in favour of high streets/town centres tends to be more narrative in its nature, and characterised by presumptions about the negative impacts of out-of-town vs in-town development, rather than detailed empirical evidence which moves beyond correlation and into causation. There are some exceptions, for example, a study which concluded that retail parks were becoming 'new high streets in the suburbs', to the detriment of traditional shopping areas[104].

On the other hand, more detailed and empirical evidence reflecting the benefits and advantages of out-of-town /edge-of-town developments, or even in-town major shopping centres, is not sufficiently extensive to be conclusive either.

The evidence[105] on out-of-town/edge-of-town developments – Schiller's "third wave" of decentralisation[106] is perhaps more developed. Such studies reveal major impacts on surrounding, pre-existing retail centres, and that effects on neighbouring town centres are also negative. But as the authors have noted, while proximity to an out-of-town centre 'tends to lead to a decline in a town centre's ranking...the effect is complex...successful town-centre redevelopment can go a long way to alleviate that effect'[107]. An example, at the city level, and outside England, noted that the impact of out-of-town development was reflected by large increases in city centre development, but a decline in suburban and district centres. In this instance, a city centre manager was in post, as well as major investments occurring in the city centre environment, two factors which were found (anecdotally) to have had a mitigating effect[108].

More recently, a Southampton University study, based on the development of supermarkets in eight centres, suggests that edge-of-town supermarkets can bring footfall to town centres, that local residents felt they were beneficial, and that feedback from local traders was consistently positive on the impact the developments had on both local residents and the town centre. It further found that traders generally took a generally positive or neutral view on the impact on their own businesses, and there was little support from the evidence for what the study calls 'widely held views' linking supermarket development to the decimation of existing centres and their retail diversity[109].

In recent enquiries the Competition Commission has heard evidence of 'intense pressure' of competition from supermarkets leading to the closure of independent convenience stores, but concluded that such competition was in the best interests of consumers[110].

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[103] ResPublica, The Right to Retail, 2011
[104] Thomas, C., Bromley, R. and Tallon, A. (2006). New 'High Streets' in the Suburbs? the growing competitive impact of evolving retail parks, The International Review of Retail, Distribution and Consumer Research, 16:1, 43-68
[105] See R. Schiller and R. Jarrett, A Ranking of Shopping Centres using Multiple Branch Numbers, Land Development Studies, 2, 53-100; J. Reynolds and R. Schiller, A new classification of shopping centres in Great Britain using multiple branch numbers, Journal of Property Research, 9, 122-160; R. Schiller, Town-centre winners and losers, Estates Gazette, 13 July, pp.134-135;
[106] R. Schiller, Retail Decentralisation – The Coming of the Third Wave, The Planner, Vol. 72, no. 7, July, 13-15.
[107] Schiller, 1996, p.135.
[108] Guy, C., Development pressure and retail planning: a study of 20-year change in Cardiff, UK, The International Review of Retail, Distribution and Consumer Research, 20:1, 119-133, 2010
[109] Wrigley, N., Lambiri, D. and Cudworth, K., Revisiting the Impact of Large Foodstores on Market Towns and District Centres, University of Southampton, 2010
[110] The Competition Commission, The Supply of Groceries in the UK Market, 2008

Turning to in-town centres, the case is much less clear. A recent source of empirical evidence[111] is a study of the impact of the Oracle Centre[112] (a major in-town shopping centre) on Reading town centre, which made the following observations that may, to varying degrees, be pertinent to other cases:

- since the opening of the Oracle, independent traders had lost market share to small chains, rather than large multiples. In the town centre itself the proportion of large multiples remained relatively stable, although the nature of those multiples changed – key, magnet shops moved from locations that were secondary or just off prime to be in or near the Oracle. These were replaced by brands which have less attraction for shoppers and that generate less multiplier effects for surrounding stores;
- despite this shift, the research did not find a significant increase in vacancies even in peripheral parts of the traditional town centre. The researchers posited that this might suggest that the additional footfall generated by the Oracle counteracted any trade diversion and competition effects – that there were sufficient spillover effects to maintain the traditional town centre alongside the mall. As the researchers recognise, this is a function of the strength of consumer spending and the local economy, and it would be unwise to suggest, on this evidence, that an in-town retail development does not weaken fringe areas;
- the majority of town centre retailers surveyed as part of the research experienced a real decline in sales volume in the year following the opening of the Oracle – a fall that could not be attributed to general trends in consumer spending in the region. While the shop managers largely attributed this fall to the effects of the Oracle, some of the impacts might ultimately prove to be transitory;
- in a region with a strong economy and high employment levels, the development of an in-town shopping centre will alter the labour market and put upward pressure on wages. The research found that these impacts were most keenly felt by independent retailers and smaller units in the fringe and secondary areas of the town centre – creating an additional pressure for independents alongside the difficulty of obtaining leases and issues linked to rents and service charges. These factors contributed to the homogenisation of the retail offer;
- the impacts of the Oracle centre echo those found in studies of out of town shopping centres, but muted because of the externality benefits of the in-town mall – in particular the spillover effects from the enhanced attractiveness of the town centre as a whole and the overall increase in shopping trips – which counteract the negative competitiveness effects. The research did find that the negative spatial impacts found in out-of-town impact studies do occur in an in-town context, particularly the weakening of fringe areas;
- finally, the research noted other aspects of major in-town shopping centres that merited study – including the impact on surrounding towns in the hinterland of the host town and at the same level in the retail hierarchy; the impact on neighbourhood centres in the outer parts of the town and the social access implications of such changes; and further analysis of the labour market and wider economic implications of such developments. To our knowledge, detailed work of this nature has yet to be carried out.

Many studies simply do not ask these important questions relating to impact of development at all. The process by which developers have to demonstrate the need for development out-of-town is focused on forecast, ex-ante assessment of impact, rather

[111] Other studies of note include Oughton et al, The Local Economic Impact of Regional In-Town Shopping Centres: A Case Study of the Oracle Centre, Reading, 2003; M. Lowe, The Regional Shopping in the Inner City: A Study of Retail-led Urban Regeneration, Urban Studies, 42
[112] Crosby et al, Messages from the Oracle: Assessing the Impact of Major In-Town Shopping Centres, undated

than ex-post evaluation of what actually occurs. While there is therefore a wealth of the former work (principally generated for planning appeals), the latter is very limited.

Retail studies, to take another example, are common to many of England's towns and cities, but focus on data such as the quantum of floorspace, retail demand, and potential for growth – rather on a consideration of the dynamics of the local area through this very particular lens. The National Retail Planning Forum has formed a working group to look at how Retail Impact Assessments can be made more accurate and reliable, given the likely removal of the needs test. The group is currently working to identify available case studies and to highlight good practice. As part of this work, a major out-of-town retailer made available 'before and after' studies commissioned for their stores which update the surveys carried out when permission was initially applied to find out what the actual impacts of opening have been and so giving an indication of the accuracy of the initial studies. In Nottingham[113], one of the areas studied, the research found that the opening of the new store had a 'negligible' effect on retailers in the city centre and the city's district centres. In the case of a store in Braehead (Paisley), the research[114] found that there were no grounds for believing that the store had in any way undermined the vitality of the viability of the town centres surveyed. In both cases these findings confirmed the forecasts made through the retail impact analyses carried out, although this should not be taken as a conclusive trend across the piece.

These studies reflect the complexity and variety of high streets and town centres and their relationships with the surrounding, predominantly retail offer. As research has noted, observed impacts depend 'critically' on the local economic and retailing environment, and are subject to change over time[115]. These variations, from place to place, and over time, means that the evidence cannot offer a definitive view of the impact of out-of-town vs in-town, even though the presumption might be clearly negative. A more substantive programme of research, drawing on a number of case studies and gathering primary research data at as close to the national level as possible, could offer a definitive perspective. Such work would need to address such issues, over a period of time, as:

- the performance of high streets and town centres across key metrics including retail spend, vacancy rates, both at an individual level and an aggregate level;
- the impact of high streets and town centres, and out of town/edge of town/in-town centres, on local supply chains and the net additional creation of jobs. Research by the National Retail Planning Forum[116] concludes that there is evidence that new food superstores have, on average, a negative effect on full time retail employment, while recognising the potential impact of part-time work. The Wrigley study could not find any conclusive evidence of significant positive or negative impacts[117];
- the multiplier effects of high streets and town centres, compared against out of town/edge of town/in-town centres;
- other more social and cultural impacts of high streets and town centres, compared against out of town/edge of town/in-town centres.

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113 IKEA, IKEA Nottingham Retail Monitoring Report, 2001
114 IKEA, IKEA Braehead, Update of Retail Floorspace Survey, 2005
115 Crosby et al, op cit, p.5
116 NRPF Occasional Paper No 2, The impact of out-of-town centre food superstores on local retail employment; NRPF Occasional Paper No 3, The impact of out-of-town centre food superstores on local retail employment – a critique of the Boots study; NRPF Occasional Paper No 4, Superstores and employment in retailing – an overview.
117 Wrigley et al, The Impact of Large Foodstores on Market Towns and District Centres, op cit

6 What has been the response to high street change?

Key evidential findings

- **A wide range of responses to the issue of high street decline have been implemented over the last ten years and beyond, addressing various individual aspects and the challenges of high street performance in the round.**
- **What these interventions have in common is a lack of focused evaluation and understanding of their impact, both in terms of success in their own right, and their impact on town centres and high streets. Even for well-established, semi-institutional responses such as Town Centre Management (TCM)/BIDs, there is a real lack of evidence around the costs, and benefits, to the high street, of their work, even if the renewal of BID mandates provides compelling evidence of the popularity of such activities.**

6.1 Introduction

Concerns over the performance of the high street are long-running, and this is a point reflected in calls to action by a range of parties over a period of time (see Section 3). In Section 5 we explored the key factors influencing high streets. In this section we highlight some of the many interventions that have been attempted in order to improve performance, and consider what evidence exists as to their success.

We have classified these interventions under the following themes:

- improving the built form and configuration;
- the drive for differentiation;
- policy prioritisation;
- more developed place management;
- alternative business models and new approaches.

6.2 Improving the built form and configuration

Town centre masterplanning and public realm improvements have been a staple of attempts to improve and maintain the high street offer for many years. Typically these aim to make public space more relaxing and enjoyable, with pedestrianised areas, street furniture, planting and spaces for performance. Improved signage and street lighting make it easier to navigate the town centre and find key services and attractions. There is a wealth of advice and good practice available, including the Manual for Streets produced by the Department for Transport[118] and the recent Bishop Review on design in the built environment[119.] Removing unnecessary clutter can be as important as adding improvements – Civic Voice's Street Pride campaign aims to make high streets more welcoming by getting rid of obstructions[120].

Such improvements also aim to give a high street or town centre a distinctive look and feel. Public art and cultural attractions improve the sense of quality and vitality and help to brand the high street as a unique place. In some cases, the approach has focused on heritage aspects of a town centre, where this exists. In Richmond, North Yorkshire, the

[118]Department for Transport, Manual for Streets, 2007
[119]Design Council, The Bishop Review: The future of design in the built environment, 2011
[120]See http://www.civicvoice.org.uk/campaigns/street-pride/

Yorkshire Forward Renaissance Market Towns Programme has funded a heritage partnership scheme for improving the town centre.

Richmond Heritage Partnership Scheme

- *Feasibility work identified that the property market and property owners were contributing to market failure in Richmond. Property owners got their rental income from the lower floors of properties only; without financial incentives, they weren't interested in restoring their upper floors.*
- *There was a perceived lack of demand for office space, and hence poor development value. However, the feasibility study showed there was a good deal of latent demand for high-quality office and commercial space in the town centre.*
- *There were problems with access and poor quality space.*

In response, an informal partnership was formed, supported by Yorkshire Forward, which implemented/oversaw a range of improvement works. The qualitative evidence of the impact of the scheme is very strong, and there is some quantitative evidence which indicates the creation of new jobs. The evidence does not extend to a fuller consideration of impact on the economic health or competitiveness of the high street/town centre.

Improvements are often a case of interpreting the public space, not just improving the fixtures and fittings. Walking routes in town centres can include the key retail areas but give residents and visitors a sense of the place's heritage or assets, as in Sutton Coldfield, or the planned 'green route' in Todmorden, West Yorkshire.

Greening the town centre can be an important physical improvement to attract visitors and footfall. Spaces such as the Peace Gardens in Sheffield can form an important part of the high street experience, providing a place to sit and relax and where children can play. In Chester, a derelict site was cleared to form St Martin's Park; in Bradford, part of the site for the stalled Westfield development was released to form a temporary urban garden. If high streets are to become places to relax and meet as well as to shop, the provision of green spaces is likely to become increasingly important.

A synthesis of the literature on public realm investment has recently been carried out. It demonstrated the considerable difficulty in evidencing a causal and clearly attributable link between public realms improvements and town centre performance. However, in analysing two case studies, the research found that people recognised there had been a significant improvement to the quality of the environment, and that that these improvements had influenced their behaviours in terms of making visits more enjoyable; feeling safer; visiting more often; staying longer; spending more, and even some level of influence over choice decisions to live or work in the centre[121]. This suggests that work of this nature does offer the opportunity for high streets/town centres to improve their offer, although it clearly relies on a range of other factors including the quality of the retail offer in order to have the fullest impact.

6.2.1 Accessibility

Parking is a constant bugbear in high streets, with a tension between councils' use of parking to generate revenue, customers' desire for free or cheap parking near where they shop, and the need to reduce carbon emissions and encourage more sustainable transport use. Park and ride schemes have operated in major tourist areas such as Oxford and Stratford-on-Avon for many years, but are inconvenient compared with the ease of driving straight to a supermarket or retail park. It has also been suggested that they are inefficient and can actually increase the car miles travelled[122]. Some towns have

[121] Yorkshire Forward, Research and Evaluation of Public Realm Schemes, 2011
[122]Meek, S., Ison, S. and Enoch, M, *UK Local Authority Attitudes to Park and Ride*. Journal of Transport Geography, 18: 372-381, 2009

introduced cheap parking at certain times. Barnet in north London, for example, saw a 35 per cent increase in car park occupancy after reducing charges during the 2008 Christmas season[123].

As we have set out elsewhere, the evidence of the impact of different approaches to parking is limited, and tends to be localised. We are aware of one useful study which adopts a more strategic and wider geographic approach to the issue, developed through Yorkshire Forward's Renaissance Market Towns Programme, see box below.

Yorkshire Forward, Car Parking Research: how car parking can be managed in the region's market towns[124]

- *The study found that the relationship between parking and economic performance is weak, but generally positive. Many people fear that making changes to parking will adversely affect the town's economy. The evidence that exists suggests that the opposite is actually the case.*
- *In fact, the primary factor affecting a town's competitiveness is the town's offer. Therefore, a town with a good retail offer will continue to attract customers despite poor parking facilities. Meanwhile a town with very good parking facilities but a limited retail offer will struggle to attract customers.*
- *The primary responses to the introduction of restrictions, charging or enforcement tend to be – an acceptance of the new arrangements/behaviour broadly unchanged; a change in parking location (e.g. park further away to avoid paying a charge); or in some cases, a shorter duration of stay.*
- *There is little evidence of substitution of destination or change of transport mode - as long as there is sensitivity to local needs.*

Other areas have sought to invest in public transport or to make cycle access easier, with mixed results. Tram systems have played an important part in enabling commuters and shoppers to access the city centres of Sheffield, Nottingham and Manchester, while the metro system of Tyneside forms an important link between outlying areas and retail hubs. Such ambitious transit systems are unlikely to gain public funding in the current climate, and moreover, they are realistically only a feasible option at the city level, rather than the high street/town centre types set out in our typology.

Guided busways are a cheaper alternative, but can be met with local resistance[125]. In Cambridge, for example, the city council has invested in a guided busway to ease town centre congestion.

Free or cheap city centre buses are another option for towns or cities of an appropriate size, shuttling passengers between stations and town centres, and around town centres themselves. Manchester, Sheffield, and Wakefield are among the cities that have invested in free buses. In Leeds, a free bus service was introduced but withdrawn when a survey of users found that the majority would have paid for the journey if it had not been free. Again, this kind of approach tends to be possible only at the city-level. Few towns can provide bus travel that is fast, frequent, reliable and cheap – which is what they will need to do to compete with out-of-town centres. Local authorities have called for more control over local bus services in order to address this issue[126].

Car clubs are one option that provides both the convenience of individual transport and a more sustainable solution than individual car ownership. Car club members enjoy the advantage of reserved parking and can book a car when they need one – but there need

[123] British Retail Consortium, 21st Century High Streets: A new vision for our town centres, 2009
[124] Yorkshire Forward, Car Parking Research: how car parking can be managed in the region's market towns, 2007
[125] Wolmar, C, Cambridge Busway Debacle, 2010 [online] http://www.christianwolmar.co.uk/2010/10/cambridge-busway-debacle/
[126] LG Group, Response to the High Street Review, August 2011

to be enough cars available in the right places to make them attractive. They are a relatively recent and small-scale phenomenon in the UK, with Edinburgh one of the more advanced cities. In some European cities, however they are an important part of the transport mix. A study of the car2go scheme in Ulm, Germany, suggests a quarter of survey respondents would not buy a private car if a car club was offered permanently[127].

Shared space is another approach to access, based on trials in the Netherlands and Scandinavia. Here streets are shared between vehicles and pedestrians, forcing traffic to slow down and observe pedestrians' and cyclists' movements. There are very few shared space schemes in the UK, although it has been tried in Ashford, Kent and Kensington High Street and is being promoted as a solution in Malvern[128]. Evidence from Europe suggests shared spaces see fewer serious traffic accidents and encourage sociability[129].

Lastly, bicycle access is likely to become more important as high streets become social and leisure destinations rather than primarily shopping centres. To be able to travel safely and conveniently in and out of the town centre and store a bike securely will help to make cycling a normal part of town life, as it is in many parts of Europe. The 'Vélib' bike scheme in Paris has prompted a 35 per cent increase in bicycle sales as well as use of hire bikes, and the similar SmartBike scheme now operates in 13 cities in six countries. Such schemes are seen as viable in towns with a population of more than 200,000[130].

The experience of the previous government's Sustainable Travel Towns initiative, which ran from 2004 to 2009 in Peterborough, Darlington and Worcester, is that it is possible to change patterns of transport use. The evaluation of the scheme recorded a 9 per cent reduction in car journeys, an increase in bus journeys of between 10 per cent and 22 per cent per person (at a time when bus use fell slightly in comparable towns) and an increase in cycle use of between 25 per cent and 30 per cent per person[131].

6.3 The drive for differentiation

Perhaps the principal response from high streets to changing markets has been to emphasise their distinctiveness. Unfortunately, as the New Economics Foundation's work records, many of them have been anything but distinctive[132]. In the more successful examples, coordinated work has taken place to demonstrate that the high street has something different to offer and is a place to visit for leisure, culture and specialist shopping rather than for routine purchases. Ludlow's reputation as a centre for 'slow food', Norwich's coordinated approach to its medieval heritage, and even the bohemian 'alternative' identity created in Stokes Croft, Bristol[133], are examples. Work into the most practical approaches to distinctiveness has been carried out which focused on the concept as an organic growth, rather than a conceived and implemented approach[134].

This idea of the high street as a different kind of experience that complements rather than competes directly with out-of-town centres and supermarkets has been gaining traction in recent years. The British Retail Consortium (BRC), as the voice of the retail trade, recognises a shift is under way. It comments: 'There is a bright future for High Streets as the focal point for local communities. Retailing will be an essential part of this future but is likely to have a changing role.'[135].

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[127]Firnkorn, J. and Müller, M., *What will be the environmental effects of new free-floating car-sharing schemes? The case of car2go in Ulm*. Ecological Economics, 70: 1519-1528, 2011
[128]See http://www.highstreetmalvern.org.uk/page1/page12/page12.html
[129] Shared Space, Shared Space: Final evaluation and results, 2008 [online] www.shared-space.org
[130]Midgley, P. The Role of Smart Bike-sharing Schemes in Urban Mobility. *Journeys*, May 2009, 23-31
[131]Sloman, L. et al, The Effects of Smarter Choice Programmes in the Sustainable Travel Towns: summary report, 2010
[132]New Economics Foundation, Clone Town Britain, 2004
[133]The People's Republic of Stokes Croft: http://prsc.org.uk/
[134] Yorkshire Forward, Distinctive Futures, 2009
[135]British Retail Consortium, 21st Century High Streets: A new vision for our town centres, 2009

Others, including Action for Market Towns[136], go further and set out a vision for the high street of the future as a multifunctional destination, with retail playing a part alongside community, public service, leisure, cultural and civic uses. The distinction is that under this vision of the high street, it serves a social function with retail supporting social uses, drawing on the idea of a '21st century agora' submitted to the High Street Review[137]. This is a reversal of the traditional view that social uses are there to make retailing more competitive.

This social function for the high street is already being explored in many areas. For example, Coventry's City Arcade has become a place for performing arts[138], while in Todmorden[139] edible planting in key locations is attracting visitors who then use the town's market and cafés. Other ideas that could become an important part of the high street mix include The Hub[140], a worldwide network of places to work, meet and exchange ideas, and FabLab[141], an inventors' workshop in Manchester based on ideas pioneered at the Massachusetts Institute of Technology.

Promotion, marketing and branding are strong elements of this process of distinguishing the high street from the shopping centre experience. An increasing number of high streets are creating their own online brands, demonstrating that the whole is more than the sum of the parts. Examples include the Crouch End Project[142] in north London, High Street Malvern[143], and Bishopsthorpe Road[144] in York.

Brentford High Street[145] has a website that brings together retail, events, leisure, local services, a history trail, tips on places to stay and green living, details of community organisations and a vision for the future. Begun as a community response to development plans that were continually delayed, it has now become a not-for-profit company that is developing its own business plan for the high street.

6.3.1 Local loyalty

Alongside these marketing and positioning initiatives have been efforts to boost local loyalty through rewards and discounts. These local loyalty schemes range from simple coffee-shop style stamped cards, to sophisticated smartcard schemes that record purchases and target offers according to people's preferences. Among the latter, the WiganPlus[146] points system is one of the more advanced, with 'pluspoints' available at locations in the town centre where visitors can touch in their cards (which work on the same technology as Oyster cards) and receive printouts of vouchers.

Some, like the Rotherham Shop Local scheme, show schemes can be successful despite the limitations of the technology on offer. Users have to check a list of offers from participating outlets before they can take advantage, but more than 10,000 people have registered for a loyalty card, according to the local paper[147].

Other examples include:

[136] Action for Market Towns, Twenty-first Century Town Centres, 2011
[137] Urban Pollinators, The Twenty-first Century Agora: A new and better vision for town centres, 2011 [online] http://urbanpollinators.co.uk/wp-content/plugins/downloads-manager/upload/C21%20agora.pdf
[138] Thompson, D., Empty Shops Toolkit, 2010
[139] See http://www.incredible-edible-todmorden.co.uk/
[140] See http://the-hub.net/index.html
[141] http://www.fablabmanchester.org/p3/About-Us.html
[142] http://www.thecrouchendproject.co.uk/index.html
[143] http://www.highstreetmalvern.org.uk/index.html
[144] http://www.bishyroad.net/
[145] http://www.brentfordhighstreet.com/
[146] http://wiganplus.com/
[147] Shops loyalty scheme is here to stay. The Star, 10 February 2011. See also www.rotherhamtowncentre.co.uk

- My Card[148] is a loyalty card that rewards local shopping. Customers buy My Card membership and receive discounts and other rewards in return for buying goods or services from participating organisations. The discounts are paid in the form of a 'cashback' credited to customers' accounts, and because the card works like other debit cards, stores don't need to invest in any new technology. Each time a card is swiped a percentage of the transaction fees go to the local high street or town centre partnership to be spent on regeneration activities.

  A smartphone application has also been developed. Businesses will be able to gather intelligence on activity within their store and contact customers with special offers or last-minute deals. This is an example of an approach pioneered by some of the larger chains being adopted by local or independent traders and trade bodies, and shows that it is not just local authorities and other 'institutional' actors that can generate and implement ideas for improving high street vitality.

- there are also local authority-run smartcard schemes that provide access to services as well as rewards for local shopping. Schemes have been set up in Windsor and Maidenhead and Redbridge, and the Localsecrets.com card is supported by Cambridge City Council.
- an extension of the loyalty scheme approach is the development of local currencies that can be spent only with local suppliers. Totnes, Stroud, Lewes and Brixton have all developed their own local 'pounds' that aim to support local producers and retailers and keep money circulating within the locality.
- a more ambitious take on the local loyalty scheme is time banking or points systems, where community activity can be rewarded with discounts at local attractions (such as cheap seats at rugby or football matches, free bus travel or access to leisure centres). WiganPlus is exploring how such ideas can be integrated with a standard shoppers' loyalty scheme.

Local loyalty schemes have often proved difficult to establish and operate. In part this is because of the administrative time required to set up and organise them: this is not an overhead that individual institutions are often prepared to take on. Local authorities have on occasion pump-primed such schemes (for example, Shop Local North Yorkshire) only for the scheme to collapse when council support came to an end. And because these are relatively emerging schemes, there has been limited work done to understand their impact on high streets, although the anecdotal evidence suggests they do offer potential to increase localised usage.

6.3.2 Social media

A simpler, less expensive approach to local promotion is to use the internet and social media to create a distinctive look and feel for a high street. This can be combined with practical action to animate the street and influence development and use, as in the case of Chatsworth Road, Hackney[149]; or it can simply be a way of advertising the diversity of shops and services offered on a particular road, as in Bishopsthorpe Road, York (see above).

While the quality and efficacy of social media approaches has not been sufficiently researched, they have the advantage of showing something can be done and can be started by an enthusiastic resident or trader with no need for formal processes. Social media has been a key aspect of the approach taken by the Empty Shops Network,[150] and came into its own in the local clean-up operations following the August disturbances in many town centres.

[148] Action for Market Towns, Twenty-first Century Town Centres, 2011
[149] www.chatsworthroade5.co.uk
[150] Thompson, D., Empty Shops Toolkit, 2010

The development of smartphone apps is another way of promoting town centre and high street offers. While the major retailers such as Tesco and Amazon have well established apps that allow customers to shop from their mobile phones, high streets lag a long way behind (the difficulties are often the same as those involved in getting local loyalty schemes up and running). Two loyalty apps that have been developed are ithame.co.uk[151,] which rewards shoppers in an Oxfordshire market town and mypocketangel, which aggregates information from other loyalty cards.

Digital approaches can also help people identify property they want to use and join with others in campaigning for changes in ownership or management. The Place Station, developed by community network Locality, allows any user to identify a building and pitch ideas for its future use[152].

Similarly to local loyalty schemes, the evidence on the impact of such approaches is scant.

6.3.3 Traditional markets

Traditional street markets are an often neglected way of bringing life and colour to a high street. The performance of such markets is mixed, with some striking successes such as Borough Market near London Bridge, and strong local campaigns (for example, to save Queens Market in Upton Park, east London), but also with examples of underperformance and poor management[153].

There is evidence that traditional markets are making a comeback in many towns, with an upsurge in farmers' markets catering to people who particularly want to support local traders and producers. The adaptability of scale of such events is a strong suit – while they can run effectively at the level of a destination/service town centre, they can also provide an effective service for town centres with suburban areas. In Oakwood town centre, Leeds, a farmers' market runs once a month, an initiative developed and managed by a local environmental action group.

Local authorities have responsibility for regulating markets and directly manage the majority of them. Some have taken the opportunity to make their markets a feature of their towns, attracting visitors and offering a distinctive shopping experience at particular times of the year. Stockport and Nuneaton are towns that have revived their markets with music and entertainment. In Bradford, profits from the city's markets are ringfenced for reinvestment in improvements and promotion rather than used to support other council services[154]. Many towns and cities, including Leeds, Sheffield and Manchester, hold regular Continental and Christmas markets. Manchester's Christmas markets were worth an estimated £49.9m to the city's economy and brought in 1.3m visitors in 2009, according to the city council[155].

A recent study of markets in London[156] highlights further some of the economic benefits that can occur.

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[151] http://ithame.co.uk/
[152] www.theplacestation.org.uk
[153] House of Commons Communities and Local Government Committee, Market failure? Can the Traditional Market Survive? 2009
[154] Retail Markets Alliance, Markets 21: A policy and research review of UK retail and wholesale markets in the 21st century, 2009
[155] Christmas Markets 2009 hailed as economic triumph as they return for 2010. Manchester City Council [online] http://www.manchester.gov.uk/news/article/5763/christmas_markets_2009_hailed_as_economic_triumph_as_they_return_for_2010
[156] London Development Agency, London's Retail Street Markets (draft final report), 2010

London Development Agency, London's Retail Street Markets

- *The analysis of London's retail street markets found that the 162 markets across the capital achieved turnover of £430m, representing 0.94% of overall retail spend in London, and directly supporting 7,319 Full-Time Equivalent (FTE) jobs.*
- *The study estimated that customers at markets spend £752 million per year at other shops in town centres. This represents a significant multiplier effect, with market customers spending on average £1.75 in other shops in the town centre for every £1 they spend in the market. While this spend would not necessarily be lost to town centres as a whole in London if markets did not exist, it does suggest that a number of individual existing town centres would lose out if their markets were to close. A large minority (42%) of customers surveyed for this research said they would not visit the town centre if the market was not there*

It should be noted that this latter point is likely to be particularly applicable to the peculiar context of the capital, and not necessarily translated to the same extent to markets in towns and high streets elsewhere. However, it does demonstrate the potential for markets to play a considerable role in the performance of the high street.

6.3.4 New ideas

There has been a wave of experimentation in recent years to bring new life and activity to the high street. Many of these initiatives have been undertaken in response to the recession and the appearance of large numbers of empty shops, and there has been little evaluation of their impact.

Some ambitious ideas have not succeeded in practice. Essex County Council, for example, formed a municipal bank in association with Santander to lend to small businesses. While this has been cited as an example of innovation by the LG Group,[157] the initiative was wound up because of high costs and low levels of lending.

Others have stalled because of the removal of government funding. A programme of support for community pubs, building on the successful 'Pub is the Hub' scheme,[158] has been undermined by the government's decision to withdraw national funding[159].

Nevertheless there is a growing interest in experimentation with new approaches to high street activity. Some involve new types of retail, such as the volunteer-run People's Supermarket[160] set up by restaurateur Arthur Potts Dawson in a former store in Lamb's Conduit Street, Camden. Spacemakers Agency worked in Brixton Village market to bring 20 stalls back into use through new kinds of activities, including creative arts and catering[161].

New social enterprises can play an important part in bringing high streets to life. Usually such enterprises will have a strong local connection, either through supporting local producers and craftspeople, employing people from disadvantaged groups or channelling profits back to charitable activities. The Compendium for the Civic Economy, published by NESTA, gives a range of examples[162].

Vacant premises can be used to provide meeting places for groups that might not otherwise be able to afford venues. The Somewhereto initiative, for example, specialises in finding and creating spaces for young people[163]. The 'U', a project supported by the

[157] LG Group, Response to the High Street Review, August 2011
[158] www.pubisthehub.org.uk
[159] Howie, M. 7 August 2010 Government Axes Fund to Help Communities Buy Ailing Pubs, The Daily Telegraph [online]. www.telegraph.co.uk
[160] www.thepeoplessupermarket.org
[161] Thompson, D. op cit
[162] See *Compendium for the Civic Economy* - 00:/ [zero zero]: http:// civiceconomy.net/
[163] www.somewhereto.com

Young Foundation, aims to create a 'citizens' university' where vacant spaces can be turned into temporary learning zones, with sessions on life skills run by local volunteers[164].

There is an urgent need for detailed evaluation of the impact of these kinds of schemes on high streets and town centres, with a particular focus on identifying lessons which might be capable of generic application across the wide range of town centres and high streets in England.

6.4 Policy prioritisation

Major changes are on the way in the regulatory regime for town centres, and much is already being done to use planning law and licensing powers to counter the effects of out-of-town shopping. In recent months, both in response to the High Street Review and in response to consultation on the draft National Planning Policy Framework, there have been calls for local authorities to have stronger powers to influence high street planning.

One difficulty is the tension between what local authorities can do and are encouraged to do, and what they feel able to do with the resources available to them. Local authorities already have a 'power of wellbeing' under the 2000 Local Government Act which could cover action to improve high streets, but evidence suggests that they have not used it as much as might have been hoped[165]. Within the Localism Act 2011 this is replaced by a 'general power of competence', intended to shift local authorities' thinking from enforcement and regulation to positive action.

The Sustainable Communities Act provides local authorities with an important tool that can be used to improve local wellbeing and support local producers and traders. It allows functions to be transferred from one public body to another where that might be in the public interest, or to change rate relief locally to support small businesses. The Local Works project offers a guide to best practice and case studies[166].

6.4.1 Planning controls

A flexible approach to changes of use has been an important part of many local authorities' responses to change and challenge in high streets. Temporary changes can be a quick response to the challenge of clusters of vacant property, as in Dursley, Gloucestershire and Margate, Kent. A current proposal in Swindon is also an example of an authority seeking to be adaptable to changing economic circumstances through the planning regime – with the clearly articulated ambition of improving footfall on the a suburban centre high street through a more flexible approach to uses[167].

Local development orders provide a means for local authorities to be proactive in bringing new uses and buildings or assets to the high street. The Department for Communities and Local Government argues[168] that these can be used to improve town centres, although local authorities say the rules should be relaxed so that councils no longer have to seek approval from the secretary of state. The removal of the requirement for Local Development Orders to fit into a Local Development Framework should make it easier to change uses on a temporary basis, although in 2010 this had not been tested[169].

There have been calls for the relaxation or amendment of the Use Classes Order in order to support town centre development. Civic Voice has called for a special use class to be

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[164] http://the-u.org.uk/
[165]DCLG, Evaluation of the Take-up and Use of the Well-Being Power, 2008 [online] http://www.communities.gov.uk/publications/localgovernment/evaluationwellbeingpower
[166]Local Works, The Sustainable Communities Act: Best practice for councils, 2010
[167] Victoria Road Local Development Order, Swindon Borough Council, undated
[168]DCLG, Looking After Our Town Centres, 2009
[169]Meanwhile Project, No Time to Waste: The meanwhile use of assets for community benefit, 2010

created for community uses, which could include shops or services deemed essential, such as a high street bank[170].

Existing planning law has been used successfully to create temporary facilities such as ‘pop-up’ shops. The General Permitted Development Order, introduced in 2005, allows planning approval for 28 days for events or attractions. The experience of Meanwhile Space and others working in empty premises is that this is not usually long enough, given the likely time lag between approval and the start of an activity.

6.4.2 Community and neighbourhood planning

Community based approaches to planning are well known in regeneration masterplans and neighbourhood developments and the techniques are easily transferable to the high street. Action for Market Towns and ACRE have produced a guide to community-led planning designed for town centres and rural communities[171]. Local Works provides advice on how members of the public can use the Sustainable Communities Act to achieve local improvements (see above), and there are examples such as the Town Teams approach, adapted in Yorkshire from good practice in the United States and elsewhere, which have been evaluated and offered qualitative evidence of impact[172].

Integreat Yorkshire’s Town Teams

- *The ‘town team’ approach was adopted by Integreat Yorkshire (part of Yorkshire Forward) to promote and secure effective community engagement in the ‘renaissance’ agenda. The renaissance process brings local people together to consider the long term future and needs of their ‘place’, through facilitated consultation and feedback events;*
- *The town teams were intended to be the body that would be established in each place to drive forward the local renaissance vision and programme of work, though creating a mechanism to engage the community with professional practitioners and delivery bodies, and upskilling community participants in order to participate fully in the process;*
- *An independent evaluation found that the approach was innovative, and had enabled town teams to become the overarching partnership, presenting a single co-ordinated voice from the community in terms of regeneration and renaissance to the local authority, the Regional Development Agency, and others;*
- *Evidence was found that the town team approach encouraged local authorities to think differently about regeneration and spatial planning, and that the skills, knowledge and experience gained by participants in town teams had built local capacity.*

Some community groups (such as the Chatsworth Road Traders and Residents Association in Hackney[173]) have already set up neighbourhood planning forums, supported in some cases by local authorities, as well as the 126 vanguard areas announced by the Government in summer 2011 becoming operational and developing neighbourhood plans. The focus of these groups is primarily on suburban areas, and the service town centres within them, rather than high streets/town centres within our other typologies.

The neighbourhood planning regime instituted by the Localism Bill will allow local residents to establish neighbourhood planning forums, which will be able to encourage

[170]Civic Voice, High Street Review submission, 2011
[171]Action for Market Towns and ACRE, Making the Connections: Community led planning – an introduction, 2010
[172] Integreat Yorkshire, Town Team Review Final Report, 2008
[173]Urban Pollinators, The Twenty-first Century Agora: A new and better vision for town centres. 2011 [online] http://urbanpollinators.co.uk/wp-content/plugins/downloads-manager/upload/C21%20agora.pdf

new development (but will have less power to oppose unwanted development). Business improvement districts or traders' associations will be able to set up neighbourhood planning forums for high streets or town centres. This may encourage more positive approaches to development control and speed up new development – we look at this possibility in the context of BIDs/TCM mechanisms later in this report.

6.5 More developed place management

6.5.1 Origins and development of place management

Place management is defined by the Institute of Place Management as "a coordinated, area-based, multi-stakeholder approach to improve locations, harnessing the skills, experiences and resources of those in the private, public and voluntary sectors". It has its roots in the management of towns, cities, neighbourhoods and other locations[174.] The underlying common factor is usually a desire to maximise the effectiveness of a location for its users, whether they are shoppers, tourists, investors, property developers, property owners or residents[175]. It is encompassed within town centre management, urban revitalisation, activity centre management, regeneration, management, marketing, economic development, neighbourhood management, neighbourhood renewal, socio-economic revitalisation, community development and business improvement district management[176].

Place management has, over the last 20 years, taken a number of forms; whether a community-based approach, where communities or businesses take the initiative of improving their street, town centre or public park or schemes formed publicly by local government, which provide funding to create the post of a town centre / place manager[177].

Local government is often seen as a natural home for place management initiatives, as its remit will be to obtain a desired standard of living for its residents. However, the additional financial burden or a lack of place management expertise can hamper efforts to locate place management initiatives with local government. Anecdotal evidence also suggests that local authorities can find it difficult to develop the kinds of long-term and strategic relationships with businesses that underpin effective place management, especially in towns and cities[178].

Since its beginnings in the 1980's, place management developed as it responded to the competitive pressures of the high street. Led almost extensively by the public sector in its early years, during the 1990's the private sector began to become more involved in public / private partnerships and in particular the management of town centre retail hubs[179].

From around the year 2000 'competitive advantage' was identified as a key driver for place management practitioners and today the term is being increasingly used together with 'place shaping' from a physical and spatial perspective.

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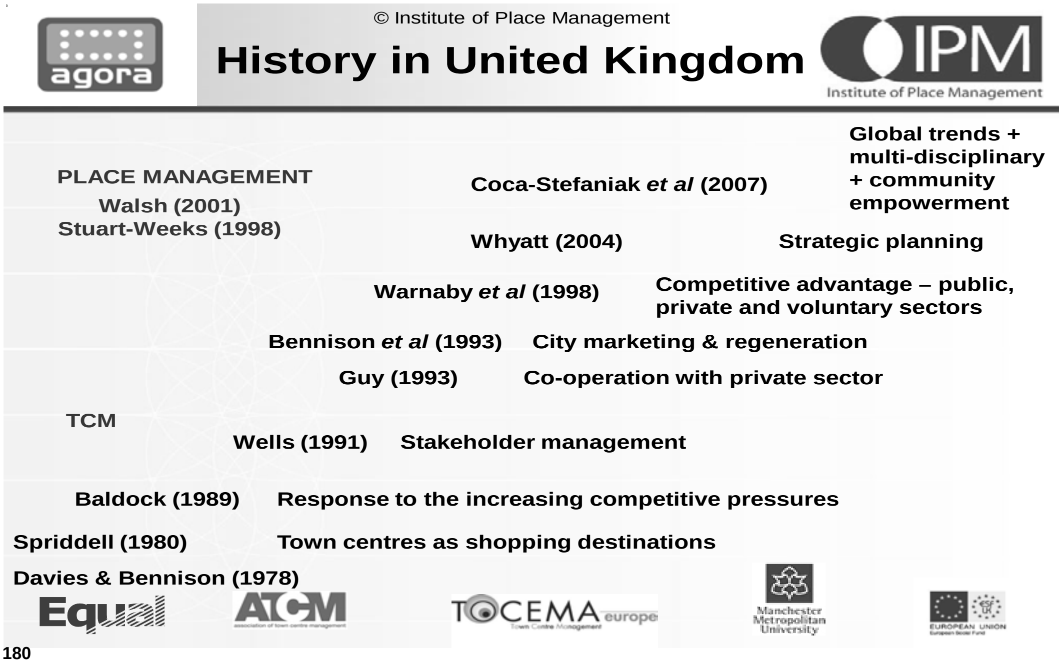
[174] Institute of Place management website
[175] Institute of Place Management
[176] Parker, C., Extended editorial: place - the final frontier, Journal of Place Management and Development, 2008
[177] Warnaby, G., Alexander, A., Medway, D , "Town centre management in the UK: a review, synthesis and research agenda", The International Review of Retail, Distribution and Consumer Research, 1998
[178] See, for example, Office of the Deputy Prime Minister, Meta-Evaluation of the Local Government Agenda – Progress Report on Stakeholder Engagement with Local Government, 2006; Office of the Deputy Prime Minister, Progress Report on LSPS in receipt of Neighbourhood Renewal Funding, 2003.
[179] G Warnaby and J Pal, Local shopping: towards a synthesis of business and place, International Journal of Retail & Distribution Management, 38 (11/12), 846-864, 2010



[180]

The retail sector has had an important role in the development of the field of place management. Recognising a symbiotic relationship between the prosperity of a location and the prosperity of retail, firms Boots the Chemist, J Sainsbury's and Marks & Spencer in the UK contributed to the development of the practice by supporting local authorities in the formation of locally based intervention schemes. This retail influence led to the appointment of the United Kingdom's first town centre managers in Ilford and the London Borough of Redbridge in 1987. This consequently led to the formation of the Association of Town Centre Management. Between 1987 and 2000 around 500 town centre management schemes covering 600 towns and cities dedicated to co-coordinating various functions of a particular location have been established[181].

6.5.2 *Key approaches to place management - introduction*

The key approaches to the management of place in the context of town centres and high streets are town centre management, business improvement districts, and more recently, community interest companies.

These management models have provided a mechanism for public/private partnerships to add value to the commercial and social vitality of the area they operate. As the sector has become more established and begun to formalise itself, town centre management organisations have been able to provide added value to the traditional work of local authorities and in more recent years have begun to innovate to the benefit of individual businesses and the town centres they operate. The tangible measurement of these benefits has been identified as an area for development.

6.5.3 *Town Centre Management*

Town Centre Management (TCM)[182] is a co-ordinated pro-active initiative designed to ensure that town and city centres are desirable and attractive places. In nearly all

[180] IPM, History of Place Management – Simon Quinn / Cathy Parker
[181] ATCM website
[182] Warnaby (1998) defines town centre management as, 'the search for competitive advantage through the maintenance and/or strategic development of both public and private areas and interests within town centres, initiated and undertaken by stakeholders drawn from a combination of the public, private and voluntary

instances the initiative is a partnership between the public and private sectors and brings together a wide-range of key interests. There are more than 500 towns and cities in the UK[183] that have some form of management initiative. This proliferation of schemes has taken place over a period of 20 years before which few formal mechanisms were in place.

Town centre management has become one of the key tools in which traditional urban retail areas have attempted to counter the threat from increased retail and leisure provision in out of town locations. In response to the economic, social and environmental of retail decentralisation, at the national level, government policy has sought to protect the 'vitality and viability' of traditional town centres, given their role in the provision of social infrastructure and cultural heritage[184].

In the early years of town centre management, initiatives were mainly established as partnerships between a local authority and a few key retailers, with Boots, Marks & Spencer and Sainsbury's having the most widespread involvement. Though these companies and the local authorities are still important supporters of town centre management, many partnerships have developed into wider structures.

The need for effective management was graphically demonstrated during the 1980s and early 90s by the decline experienced by many of our towns and cities when faced with out of town development and the lack of concerted response. The Government's commitment to a "town centres first" planning policy was supported by its recommendation that the private sector, property owners, infrastructure agencies, the community and the local authority should develop centre management initiatives[185.]

Ealing: summary of a BID responding to an out of town development

In recent years Ealing has faced increasing competition from existing centres such as Richmond, Kingston and Brent Cross and more recently the new major development at White City, Westfield, London. A recently compiled spatial development framework study commissioned by Ealing Council indicated that without new investment these destinations had the potential to seriously impact Ealing city centre's retail offer and catchment; that without investment Ealing would continue to lose shoppers to larger schemes in the West London area.

The Ealing Broadway BID was confirmed in March 2006 with a turn-out of 51%. The proposal was supported by 65% of businesses by number which represented 64% of the rateable value in the BID area. The BID levy raises a budget of £330,000 per year with an additional £120,000 secured from alternative sources. . The decision on a second term was a difficult proposition for many businesses as the town struggled with the effect of Westfield, London and affordability issues were intensifying in the current economic climate. A view was taken perhaps that it may be just the time to drive business development initiatives and invest into the BID. The BID was renewed in 2011.

Today 'effective management of town (and city) centres is essential for enhancing and sustaining their vitality and viability..........a strategic approach to managing town (and city) centres should be developed in partnership with the police, health and various functions within the local authorities, the private sector, property owners, transport operators and the local community'[186]. As locally developed initiatives working across centres of different scale, schemes are naturally varied in terms of their remit and activities. What they have in common is their increasing effectiveness in promoting the vitality and viability of a centre and maintaining its key role as the heart of its community.

[183] Hollins, 2004
[184] Guy, C, Retail-led regeneration: assessing the property outcomes, Journal of Urban Regeneration and Renewal, 1(4), 2007, 378-388, 2008
[185] Draft PPS6 - December 2003
[186] ODPM, How to Manage Town Centres, 2005

Stockport: Food and Drink Festival 2007[187]

In October 2007 Stockport held its first Food and Drink Festival, part of the hugely successful Manchester Food & Drink Festival celebrating its tenth anniversary with the biggest urban celebration of food in Europe. Stockport TCM team championed the event from the outset, lobbying Members and Senior Officers of the Council to secure funds; organising business networking to help local businesses see the positive benefits of getting involved; co-ordinating and programming the town centre element of the festival and communicating the festival brand through advertising and producing a Stockport Food & Drink Guide.

The ten day festival attracted thousands of additional visitors to the gourmet markets, free activities and tastings, but also reinforced the benefits of shopping locally, buying locally produced goods and growing your own, and involved local residents by working with the community radio station as a media partner. It also provided a platform for other organisations to promote linked activities, including the Stockport Express Restaurant of the Year Award, a local Fairtrade campaign and Environmental Health Heartbeat Award.

The project was a first for Stockport and helped foster new relationships with the town's diverse food and drink businesses, which had previously been a hard sector to engage. It encouraged smaller, independent establishments to participate, such as a local fishmonger, chocolatier and organic greengrocer. One of the strengths of the initiative was the robust, collaborative partnership working between a wide range of Council services including TCM, Tourism Development, Economic Development, Arts, Culture and Heritage, Leisure and Regeneration, Environmental Health and the private sector.

Responsibility for town centres has traditionally been divided between the public and private sectors – the private sector concentrating on individual properties and business interests, while local authorities have looked after the public realm and infrastructure. In recent years local authorities, in partnership with the private sector and the local community, have developed city centre management strategies to better co-ordinate improvements.

The prime concerns of many TCM schemes, especially in their early stages, are essentially 'day to day' management for immediate revenue enhancement' which would have an immediate impact on the 'shopability' of an area, in order to remedy some of the perceived deficiencies in relation to out of town retail provision. However while still an important element of TCM activities, this 'day to day management' has to operate in conjunction with a more long term, overtly strategic perspective.

St Annes-on-Sea: Physical town centre enhancement[188]

The nineteenth century Lancashire resort of St. Annes-on-Sea has been described as a 'coastal gem', but the 1990's saw the town centre decline environmentally and economically, with a near collapse in business confidence. A town centre partnership was formed and a design-led vision and strategy sought to provide this 'garden town by the sea' with a sustainable future. The overall funding, design of buildings and spaces has been undertaken by a team of three, supported by local partners who delivered 'on the ground' projects and strategic partners engaged through funding bids. The seven-year management plan has seen a near eradication of vacancies and a significant level of investment both by the public and private sectors.

[187] ATCM Case Study
[188] ATCM Case Study

Some 55 buildings have been refurbished with a complete re-design of many public spaces to improve accessibility and enhance security, and encourage arts and events and a quality retail mix along with a more vibrant evening economy. The scheme's overall effect relied heavily on the private sector both in terms of land assembly for spaces to be redesigned and through property investment according to the design guide, 'based on recapturing the sense of place of Victorian St. Annes but with a contemporary twist'. This three-pronged approach of public space redesign, building refurbishment and new business start-ups has transformed the town, building on the unique character and coastal setting in a bespoke way rather than applying an 'off the peg' approach. It has been nationally recognised by BURA and English Partnerships.

The Association of Town Centre Management emphasises the importance of business planning for the town centre at the inception of a TCM scheme. The Henley Centre/BCSC identify two key elements 'of the strategic vision that contribute to the long-term competitiveness and differentiation of the town centre' – managing occupier mix, and promotional & marketing activities. They argue that "a successful town needs to have the right mix of social, civil, residential and leisure facilities. Successful retail destinations, in particular, need the right mix of outlets and anchor stores...."[189].

The increasing homogeneity of town centres has meant that the importance of marketing and promotion in differentiating urban retail provision has increased. TCM schemes have long been active in this area.

There are a wide variety of examples of promotional work that has been undertaken by TCM organisations and some of these have been measured in terms of effectiveness - driving footfall, influencing the balance of trade, promoting Christmas etc. However little has been done to evaluate the overall impact of the work on the overall vitality of the high street. Keswick is an interesting case study as while their programme of promotional activity was deemed successful the business improvement district failed to renew its mandate in October 2011 (the only BID of 32 which has thus far not achieved a successful renewal). TCM companies instinctively identify the delivery of promotional activity in response to concerns from, predominantly retailers of unsatisfactory levels of footfall, but there is no identified evaluation of TCM, particularly on a national basis.

6.5.4 The trend towards formality

Government guidance has recognised that non-statutory management plans can contribute to the more effective delivery of Council objectives, as many factors affecting the quality of city centres lie outside the formal planning system. Working together the private and public sectors, together with the local community, can pool their resources to achieve sustainable development and tackle physical, economic and social exclusion problems. Local authorities have much to gain from supporting business-led partnerships. Effective engagement with business can help to: understand better business needs in order to support the prosperity of the town centre, raise extra resources for service enhancement, find delivery mechanisms which help the public sector to deliver services more efficiently and effectively and achieve public service targets and develop new accountability mechanisms and communication tools with town centre stakeholders[190].

Responsibility for town centres has traditionally been divided between the public and private sectors – the private sector concentrating on individual properties and business interests, while local authorities look after the public realm. Town centre management for local authorities is a non-statutory service and is prioritised or otherwise based upon individual Council policy and management plans. There is no requirement upon individual Councils to employ a town centre manager and the role has developed organically since 1987. There are many different specifications for town centre managers

[189] Henley Centre/BCSC, 2002
[190] DCLG, Managing Town Centre Partnerships, 2008

and largely the roles have developed their own particular characteristics based upon location and the department within which they operate.

There is no single best model for town centre management, or indeed place management as the sector is now increasingly becoming known. Each location is able to choose a model which is relevant and which responds to local needs. While there is limited tangible evidence to demonstrate the benefits of partnership working between the public and private sectors anecdotal case studies do show a correlation between successful town management schemes and effective relationships. Increasingly the trend is for more formal approaches given its sustainable and inclusive characteristics[191].

Kingston: town centre management development into Kingstonfirst BID[192]

Kingston's existing city centre partnership formed as a 'company limited by guarantee' in 1999. This move forward developed from the Council led city centre management function which had operated successfully in Kingston for a number of years. The new organisation was charged with enhancing and sustaining Kingston's vitality and viability. Initially it benefited from 9 business members working with the local Council and an operational budget of approximately £100,000; this set against traditional activities such as crime initiatives, Christmas lights and general promotion. As a result of the groups early energy the operational budget/spend rose to £200,000.

The KTCM Ltd business plan had identified the development of a BID as the logical progression from the existing voluntary partnership approach to city centre management. Kingstonfirst, its trading name, sought to contribute additional cleansing, security and marketing initiatives to the city centre seeking to help Kingston become more commercially successful and attractive to visit. Kingstonfirst set out to work in partnership with Kingston Council and produce a baseline agreement to help maintain and improve general standards over the initial 5 year tenure of the BID. The Kingston BID was confirmed in 2004 as the first UK BID.

In the current climate of public funding cuts announced during 2010[193] the requirement for local authorities to identify new funding streams for the delivery of town centre management initiatives has become more apparent. Commencing April 2011 local Councils are facing a 7.1% cut in funding as part of a 4 year, £81 billion Government cost saving initiative[194]. Subsequently many local authorities are exploring the opportunity of developing a Business Improvement District for their towns in order to raise business led investment, with additional town centre funding potential becoming a key driver for more formal approached such as BIDs, particularly when championed by local authorities.

Carlisle: City Council responding to funding challenges [195]

Trading performance in Carlisle has been challenged during the economic downturn and public finance has become increasingly difficult to access. As such both the business community and public authorities begun to recognise the need for innovative solutions to provide for a positive future. The current recession has tested the trading pattern of the city and Carlisle's position as a regional destination.

To help drive forward the city centre, the City Council commissioned a study to help identify a development plan to evolve the current structure towards greater formality and potentially a Business Improvement District (BID). For Carlisle a BID would provide an

[191] Quinn S and Power C, European town centre management models - future challenges for TCM profession,
[192] GJR Consulting 2009
[193] HM Treasury Spending Review 2010
[194] HM Treasury Spending Review 2010
[195] Carlisle City Centre Development Plan 2010

enhanced income stream in excess of £230,000, which would benefit the whole area in terms of service provision.

Specifically, as a Business Improvement District, the Partnership would be able to provide; a sustainable annual budget raised primarily through a business rate levy, a five year mandate to provide for medium term planning; better promotion of the city centre to help retain and attract new footfall; additional services to improve the quality of the street environment; a more structured, collective and inclusive Partnership.

To succeed in the aspiration of creating more formal town centre management vehicles, local authorities will need to; fully support public / private partnerships by seed funding the development of management structures and BIDs; fund the role of a town centre manager who works towards the set up of a business improvement district; delegate responsibility for town centre activity which has traditionally been delivered by the local authority, as part of its non-statutory service provision; and play an active role in the governance of the partnership.

A particular challenge is posed by smaller town centres and high streets which are unable to sustain their own bespoke town centre manager resourse. It is in these locations that local authority led intervention plays a particularly important role in the development of TCM initiatives. Cornwall Council has developed an innovative approach to this issue.

BIDs in Cornwall: summary of a shared town centre management approach[196]

Many of the town centres across Cornwall are too small to warrant a full time TCM, or they are too small to realise sufficient funds to be an effective Business Improvement District (BID), but nonetheless need direct support in delivering solutions for their high street. This is becoming an ever more vital need in the current economic climate.

Cornwall Council has established a region-wide TCM role aimed and supporting town centres, town centre management and business support. It is delivering this in partnership with local TCMs and BIDs as well as town councils and economic forums.

The Local Authority has facilitated a number of "external" TCMs and three BIDs in the last few years, Truro, Falmouth and Newquay (it is currently working up two more BIDs). It has assisted the development of the BID schemes by providing a staffing and budgetary resource to facilitate the process from inception to the BID ballot, working closely with a private sector led steering group.

6.5.5 Business Improvement Districts

The Government White Paper "Strong Local Leadership – Quality Public Services", published in December 2002, and the Local Government Act 2003, (with Part 4 referring to BIDs), provided the enabling legislation for the creation of BIDs. The UK Business Improvement District Regulations (2004) were passed by Royal Assent in September 2004. A Business Improvement District[197] is a flexible funding mechanism to improve and manage a clearly defined commercial area. It is based on the principle of an additional levy on defined business ratepayers following a majority vote. Once the vote is successful, which must achieve both a majority in terms of number of ratepayers and the proportion of rateable value they represent, the levy becomes mandatory on all defined ratepayers (for a period of 1-5 years). It is treated in the same way as the Business Rate, becoming a statutory debt. Experience from around the UK demonstrates that there is no

[196] Cornwall Council, BIDs – An opportunity for business in Cornwall, 2011
[197] Local Government Act 2003, (with Part 4 referring to BIDs)

optimum size or type of BID, but they should be designed to be fit for purpose in each individual location.

The first pilot BID in the UK was brought about through The Circle Initiative[198], a scheme that began in 2000 with single regeneration budget funding from the London Development Agency to fund five pilot BID areas in central London over five years. This scheme was followed two years later by the Association of Town Centre Management (ATCM) pilot project that studied 22 areas around the UK over three years[199]. The initial pilots were supported by public funding together with voluntary contributions from the private sector. The BIDs which were subsequently set up were created in response to public/private partnerships seeking sustainability, environmental improvement in their trading location and better promotion. The first formal BID was set up in Kingston upon Thames on 16th November 2004. It was quickly followed by the Heart of London and New West End Company.

To date all successful BID ballots have taken place in predominantly retail or office areas that are not too run-down, where businesses can afford a small extra outgoing to make improvements to their area. A number of partnerships have explored BIDs in industrial areas and more recently a number have been successfully established.

When reliant on the levy income from occupiers, it is highly likely that areas of severe decline and high levels of vacancy will not be good candidates for a BID given the marginal nature of the businesses operating there. It is very feasible for a City Centre BID to operate within a wider economic development framework, providing an effective route for city centre businesses to influence and advocate change in areas they cannot directly control. Conversely this type of structure would provide a mechanism for the wider agenda to be communicated and fed into the more focused BID agenda. Although these relationships have not been explored in detail in any national synthesis of the evidence, they are important issues and should be considered in detailed evaluation.

Of c.500 town and city centre management schemes in the UK, 123 have developed into Business Improvement Districts since their inception in 2004. Of these 32 BIDs have so far reached the end of their mandated term of operation, and all but one have been successfully renewed[200]. The progression from BID development to BID renewal is instructive in that the level of support over time tends to strengthen, the proportion of businesses supporting renewal have increased on the proportion of initial support in most cases and only one BID has failed to achieve a renewed mandate through a ballot[201]. In itself, this acts as a useful proxy of the success of the BID model and the valuation placed on it by the businesses involved.

Typically, the BID levy is 1% of rateable value applied to defined rate payers, although in some areas there have been exemptions made for smaller businesses and relief provided for certain categories of occupier such as charities. In a small number of cases a levy of 2-3% has been implemented. BIDs will usually require a certain amount of up-front funding to get them off the ground, whether this is from business or property owners, the local authority or public funding from another source. The setting up of a BID has been estimated at between £50,000 and £150,000, excluding any provision for additional town centre management activities during the BID campaign. The BID proposer may either be an existing partnership, a local authority, or a group of businesses. The development of a BID typically takes 18 months to 2 years, depending on levels of funding, support and staff resource.

The evidence suggests that benefits of the BID approach include:

[198] The Circle Initiative, history - Central London Partnership
[199] ATCM, 'Good Practice Guide' for BIDs, 2005
[200] British BIDs 2011
[201] British BIDs BID Ballot results / Nationwide BID Survey

- greater strategic focus and business engagement in place management: a formal approach to town centre management provides greater strategic context for business, galvanises the business community, statutory authorities and local community behind a common vision and in the case of a BID generates an enhanced income stream which benefits the whole area in terms of service provision. A BID can help the local authority to establish effective relationships with business and provide a mechanism to improve the safety, cleanliness and marketing of an area. This will benefit not only the business community but all those who live in, work in and visit the area. In this way BIDs can also help local authorities to improve the economic, social and environmental well-being of their communities. It is therefore essential that a proposed BID has the support of the local authority and that a strong partnership is formed between the local authority and the BID proposer at an early stage;
- adding value to local service delivery: Most BIDs will offer at least one service which complements and adds value to those already provided by the Council, such as an additional street warden team. During a period in which local authorities are having to identify significant savings in their budgets (21 of 66 Town Centre BIDs have experienced a reduction in service provision), a total of 34 services have been taken on by BIDs during 2011; most frequently marketing and events, crime prevention and cleansing[202]. This trend is likely to continue in response to the Localism agenda and pressure on public finance, and one of the key issues for businesses in deciding to support a BID is that they must feel assured that the Council will not reduce or remove existing services that it provides;
- new investment: a Business Improvement District can deliver a dynamic programme of operational and promotional activities and help to create an environment more conducive to attracting new investment and retail and leisure occupiers

  Embracing a Business Improvement District creates a more significant business led organisation to work with the statutory agencies, owners and developers and help deliver improvement to the area. A BID is able to work in partnership with a Council to help facilitate improvements in the public realm, transportation, connectivity, the night time economy and the built environment.

  A BID has the opportunity to help shape the future development of a town centre and take an important role in the development of a stronger profile and identity for the town at large;

Ilford: Business Against Crime initiative[203]
This partnership was set up to provide a co-ordinated approach to dealing with crime in the town centre. Led by town centre management, it has grown from an initial membership of fourteen core businesses to encompass 100 organisations, representing retail, leisure and public sector interests across the Borough of Redbridge. Working closely with the police and community safety partnership, members receive a constantly updated supply of information about retail crime, repeat offenders and antisocial behaviour. The service is supplemented by a dedicated team of police officers and PCSOs, an integrated radio system, an effective incident reporting procedure and a business crime database. A series of targeted initiatives have been used successfully to address specific threats, including an exclusion scheme to remove persistent offenders from the area, a retail theft initiative dealing with young offenders and the use of dispersal orders to break up groups of young people who are perceived to be troublesome or threatening to the rest of the community. The implementation of a 'chill out' hour for clubs and pub has reduced late-night disorder calls to the Police by 33%
A programme of regular meetings, seminars, newsletters and an annual conference have led to a 19 percent reduction in levels of personal crime in the town centre, promoting a

[202] Nationwide BID Survey 2011, RICs Research Partner
[203] ATCM Case Study

strong partnership spirit and providing a much enhanced sense of security. Begun with funding from the safer communities partnership and town centre management, the initiative is now sustained by a system of membership contributions. Ongoing funding has been agreed with the community safety partnership to facilitate delivery of the programme across secondary town centres in the borough.

- resource: A BID company operates commercially and seeks to attract funding from a variety of sources, based on its core funding from the BID levy. These sources may include:
  - trading income;
  - contributions from property interests and developers;
  - public sector funding;
  - grants;

  The capacity of BIDs to secure revenue over and above the BID levy not only complements the income stream but is also an important dynamic in creating the multiplier effect. In 2011 an estimated 60,000 businesses invested through BID levies across the UK raising a combined income of £61m. Beyond this, additional revenue was leveraged into BIDs areas totalling £69m and additional investment totalling £38m[204];
- innovation: BIDs have begun to re-define the boundaries within which town centre management organisations are able to operate and are beginning to facilitate the development of service providers to deliver added value activity. Service organisations are beginning to develop strategies to respond to the needs of the newly forming formal mechanisms for managing town centres, Meercat and Springboard are among the leaders in this field, and through their role on ATCM and British BIDs advisory panels are beginning to develop greater expertise and innovation into the management of town centres;

Meercat Associates: delivering sustainable solutions[205]

Meercat work across the UK with many business improvement districts bringing an unique blend of procurement, waste management, energy management and marketing expertise. The company's focus is to bring cost savings to individual businesses and positively contribute to the sustainable development of the communities business improvement districts and alternative business collectives serve. It works alongside UK BIDs[206] *as part of the national BIDs Advisory Group to provide recycling and waste management - solving company waste management issues / diverting waste from landfill, energy management - reducing energy usage, costs, and the town centre carbon footprint, and Joint Procurement - harnessing the procurement strength of the business collective.*

- sustainability: formality helps to effectively manage town centres. For the period of a BID mandate the Partnership has an annual income stream from which to deliver an agreed business plan. This provides for a medium term strategy to be pursued to help enhance the economic and social welfare of a town, in partnership with the public authorities. Specifically a BID mandate can deliver core funding for the appointment of a bespoke BID team;

[204] Nationwide BID Survey 2011, RICs Research Partner
[205] Meercat Associates website
[206] UKBIDs – The National BIDs Advisory Service

- reducing business costs and ethical management: Town centres are becoming far more aware of the importance of being less prodigal of resources, of reducing the amount that is thrown away and of recycling everything that can be recycled. Increasing regulation and tax policy has helped to build awareness levels. In addition recent government legislation has sought to encourage the private sector to be more accountable for their energy usage and carbon footprint. This together with an urgent demand to cut operating costs in difficult economic times has focused the mind. There is an increasing awareness within BID management teams of the benefits of commercialised instruments, joint procurement, recycling initiatives and mechanisms to identify bottom-line savings for businesses. The impacts of the recessionary pressures are also resulting in BID actions to control costs by providing business support services, managing vacant units, reducing levy and parking charges, targeting business grants and financial assistance, and developing collaborative partnerships with public entities[207];

Inmidtown: developing a Zero to Landfill initiative[208]

In 2010 inmidtown business improvement district launched a number of operational cost saving initiatives including a waste management strategy. The BID has partnered with specialised providers to deliver cost driven services to its members which are local, convenient, sustainable, and efficient. Many of its business constituents view the provision of services of this nature as the most tangible way in which to demonstrate a return on investment on the BID levy.

The Zero to Landfill programme is based on:

- *The collection of 90% of office waste is free;*
- *Charges for other waste streams are highly competitive;*
- *Guaranteed cost-savings amount to at least 10%;*
- *Carbon data is provided for more accurate and robust business reporting;*
- *'Closed-loop' solutions are developed that see as much waste as possible returning to the area as sustainable bags, compost, and stationery products;*
- *Cleaner streets and less transport congestion.*

- profile and scale: a larger formal entity can bring enhanced profile to the organisation. The BID company's ability to facilitate change and influence policy will grow by nature of its increased size, status and membership base. Size will bring economies of scale and provide for additional services in the city centre. Management overhead will be spread across a greater number of members and therefore reflect a smaller percentage to total than with informal schemes; where often a small number of businesses bear the financial burden.

e11 BID: Local Purchase and Supply Chains[209]

The BID supports and promotes the many micro-businesses in the area. It provides practical assistance and services, as well as giving businesses access to an organised supply chain to tender for work from the local authority and other public bodies. Micro-businesses would not normally be considered for or equipped to apply for these tenders. The BID has also influenced their local authority's procurement policy to ensure a local quote is required for all work valued between £5,000 and £75,000.

[207] Nationwide BID Survey, 2010
[208] inmidtown corporate website
[209] British BIDs case study, 2011

The Leytonstone Business Forum (which runs the BID) runs a One Stop Shop, which provides advice and support to businesses. The consortium is informed of and tenders for work available from their local authority using the services and products of the micro businesses in the area who have signed-up. The consortium is also informed of additional tendering opportunities in neighbouring boroughs. The consortium provides micro-businesses with advice on becoming 'tender ready'.

e11 BID feel that until they can regulate the retail appeal of the town centre and increase the appeal of the district, helping micro businesses to flourish by encouraging larger entities to do business with them is crucial.

Qualitative evidence, not least the success of all but one BID renewal ballots held in England so far, indicate that as a BID a town centre partnership can deliver tangible improvements to the area it represents and demonstrate clear benefits for business through the implementation of operational and marketing programmes; helping to drive both the commercial and community well being of the city centre.

Critically, accurately measuring the contribution of BIDs to high street/town centre is complex. There are no universally accepted means of calculating return on investment for performance over time. Further work is required in this area to evidence the commercial and social value that is created as a result of the presence of a business improvement district in a particular area.

6.5.6 Property owners and Business Improvement Districts

In the initial legislation, property owners were omitted from the business improvement district process with their occupiers given the role of voting favourably for a BID and thus being liable for the BID levy. The arrangement whereby the BID levy is on the occupier rather than the owner has made a difference to the roll-out of BIDs in England (in comparison to the US),[210] not least the type of area that is likely to progress to a BID (see above).

At present, owners can make voluntary contributions and have seats on boards of BIDs if approached, but in some cases property owners may have little influence over the creation and operations of BIDs. Freeholders sometimes remain outside the BID funding system, yet stand to benefit from any uplifts in rental and capital values that BIDs might help to achieve. Evidence to illustrate the uplift in property values is difficult to assimilate at present as the first BID only came into operation in 2004, but there are good case studies from the US which demonstrate the correlation.

This may make occupiers/tenants view BIDs sceptically through fears that, if effective, they may lead to higher rents in future while their landlords stand to benefit without necessarily contributing. A potential solution could be to create a provision for a mandatory property owner levy to supplement the levy on occupiers.

As the current legislative framework only requires ratepayers to fund a Business Improvement District, the BID proposals which have emerged are largely ones that do not depend on a substantial involvement of property owners. There has been some property owner involvement in most BIDs, but the scale and significance of this involvement has been limited in most cases. It would appear that property owners are more significantly involved where the BID relates to major retail areas with a history of property owner engagement[211]. While the literature does not point to any discernible effect on impact (primarily because the question has not been asked),the large scale BIDs in the centre of London can point to significant public realm projects which have been delivered as a

[210] Tony Travers and Jeroen Weimar, Business Improvement Districts: New York and London, 1996
[211] DCLG, Research into the Role of Property Owners in BIDs, 2008

result of partnership working between BID's, their property owner voluntary members and public agencies.

There is a new provision, within the Supplementary Business Rate (SBR)[212] legislation, to include owners in the formal BID process in areas which implement the new supplementary business rate. This provision may extend the reach of BIDs to areas of regeneration, and the impact of such provision needs to be considered in future evaluations of impact.

6.5.7 Community Interest Companies

Business improvement districts were created to help provide local solutions to local issues of a tactical nature. This is emphasised by the occupier focus in the ballot arrangements and payment of levy. To help tackle wider and more strategic issues of economic development entities such as Community Interest Companies offer an option.

A community interest company is a relatively new type of company introduced by the United Kingdom government in 2005[213], designed for social enterprises that want to use their profits and assets for the public good. CICs have a statutory "Asset Lock" to prevent the assets and profits being distributed, except as permitted by legislation. This ensures the assets and profits are retained within the CIC for community purposes, or transferred to another asset-locked organisation, such as another CIC or charity.

Social enterprises are diverse. They include local community enterprises, social firms, mutual organisations such as co-operatives, and large-scale organisations operating nationally or internationally. In the context of place management, they can tackle a wide range of social, environmental and economic development issues and operate in all parts of the economy. CIC's offer a potentially more strategic approach across a wider geographical area, TCM's and BID's tending to focus on tactical delivery in more localised areas.

Reading CIC – embracing the wider strategic town centre issues[214]

Constituted in January 2006 as one of the first community interest companies in England, Reading UK CIC reconfigured into an Economic Development Company (EDC) in July 2007 and is now part of the government's EDC Network. Its purpose is to promote and sustain the economic development of Reading to achieve sustainable prosperity for those that live, work, play, visit, do business and invest in the area.

- *Attracting and retaining investment*
- *Maintaining and enhancing environmental quality*
- *Supporting competitive business*

It has been formed to meet local needs rather than being created by government or another agency. It is Reading's economic development champion, a place shaping vehicle operating within the band of place, destination and economic development management. The business improvement district which occupies an important role within the CIC structure focuses its activity on three key tactical themes, cleaner, safer, and better promoted.

By using business solutions to achieve public good, it is believed that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy. In 2009 market information analyst CACI unveiled the retail

[212] Business Rate Supplements Act 2009
[213] Companies (Audit, Investigations, Community Enterprise) Act 2004 / Community Interest Company Regs 2005
[214] Reading CIC website 2011

destinations most resistant to the current downturn with Reading in the list of the top ten most 'credit crunch resistant retail centres'.

6.5.8 Improving skills for place management

In recent years, a number of initiatives have recognised that one of the critical aspects of effective place management is the skills and competencies of those involved. This is perhaps especially pertinent in light of the status and seniority of town centre managers within the local authority unit.

There are a range of bodies that have taken an active role in the creation and delivery of various skills development, knowledge transfer, and capacity building. Some have been created specifically for this purpose e.g. the Academy for Sustainable Communities, and the Regeneration Centres of Excellence – such as Integreat Yorkshire, PlacesMatter!, RegenWM. Some other bodies carry out work of this nature as part of the broader remit, such as the RICS and RTPI, And of course, work of this kind is also created and delivered through private sector consultancies.

There are also well-established academic journals, including the Journal of City and Town Management and the Journal of Place Management and Development, and there is an Institute of Place Management which offers professional development qualifications. A broad approach to placemaking was also a key element of the Bradford Regeneration Academy, initiated by Integreat Yorkshire in partnership with Bradford Council.

Evaluations of such activity tend to be limited to public sector providers, and tend to focus on an organisationally focused review, rather than individual strands of activity. Within this approach it is also difficult to link activity directly to place management per se, and to identify any evidence of impact which is attributable to the activities delivered.

The Partnership Skills Programme in Yorkshire[215]

- *The Partnership Skills Programme was created by Integreat Yorkshire in order to support the skills development and partnership activities of the region's town teams. It offered support through facilitators/co-ordinators for individual town teams, a programme of special events supporting community engagement activities, conferences and access to wider learning, and 'renaissance workshops' – a series of development workshops targeted at Town Teams covering community engagement, communication skills, understanding the planning system, design and public realm, and project funding and development;*
- *An evaluation of the PSP found that it had helped town teams and the capacity of individuals to develop and grow, and making it more likely that they could contribute positively to the implementation of renaissance activities. There was some evidence of individual development projects which had been significantly affected, in a positive manner, by the support offered through the PSP.*

6.5.9 Understanding performance for place management

Having the right people around the table and taking the right actions to manage the public realm can clearly make a difference between a successful and a failing high street. But to know how much difference, it's important to be able to measure achievement and compare with places that have similar characteristics. Action for Market towns has developed a benchmarking tool[216] to enable local partnerships to do that, comparing their achievements and issues with others.

[215] Integreat Yorkshire, Evaluation of the Partnership Skills Programme, 2009
[216]Action for Market Towns, Town Centre Comeback, 2011

More generally, various organisations have developed 'healthcheck' approaches of varying levels of complexity. Action for Market Towns (AMT) offers a comprehensive facilitated model, while government departments (DCLG and BIS) have produced simple checklists that can be used by community groups or town centre managers. A more detailed approach is set out as part of the government's planning statement PPS4[217], with a modified version proposed by GVA Grimley[218]. The ATCM is now leading the development and implementation of the Milestone scheme, a benchmarking tool which draws on 130 different indicators to assess town centre performance.

Retail studies are a very common tool that local authorities use to understand a particular aspect of the performance of high streets, town centres, and of course city centres. As a general rule, in keeping with our typology of high streets, neighbourhood parades and shopping centres are not considered as part of such studies, and we have already commented on the deficiencies of such research in helping partners to develop a more sophisticated understanding of high street value.

The evidence suggests that some kind of performance measurement is in place in many high streets and town centres across the country, although more focused on high streets in multi-dimensional/destination towns than in service centres in suburban areas. However, measurement does not necessarily imply management. The usefulness of such tools lies in how the data is interpreted and acted on, and in turn this depends on the resources available to managers and interested parties. Moreover, there is very little evidence of more evaluative approaches to activity, rather than simply snapshots of the current state of play. Without this kind of reflection and analysis of process and impact, it is hard for those involved in place management to really understand whether what they have done has been successful.

6.6 Alternative business models and new approaches to high streets

The idea of running high streets and towns in new ways is, it would seem, as old as the hills. From Plato's Republic to Thomas More's Utopia, such visions have tended to be seated within a description of an ideal society.

The application of alternative approaches to business and planning in particular is rooted within the nineteenth-century thinking of Robert Owen and William Morris, followed by the first attempt to create a blueprint that was put into practice: Ebenezer Howard's *To-morrow*[219], the guiding light for the Garden City movement.

Howard's vision is noteworthy because in attempting to address the social problems of the time – overcrowding, squalor, ill health and crime – it introduced the idea of zoning, with different areas of town set aside for different activities. The hierarchy of uses, from the centre outward, was green space, civic institutions and public services, leisure shopping, residential, education and religious institutions, and finally markets, warehouses and factories. Howard's ideas were preserved and taken forward by the Town and Country Planning Association, and help explain some of the assumptions behind UK planning policy in the last century.

Howard also aimed for a balance between thriving private enterprise and public services, believing that the value created by private industry should be invested in the civic good.

Similar views are behind many of the ideas for business and society that have gained ground in recent years. There is a definite sea-change in perceptions of what the high street has to offer, with a move away from retail as the prime driver, to a more cultural and social proposition. That sea-change is being reflected in nascent ideas and initiatives

[217] DCLG, Planning for Town Centres: Practice guidance on need, impact and the sequential approach, 2009
[218] GVA Grimley, Measuring and Improving Town Centre Vitality and Viability, 2011
[219] Howard, E., To-morrow: A peaceful path to real reform, Cambridge University Press, 1898

which are seeking to match the new philosophy with new business models and approaches to delivery, and we consider these developments here.

6.6.1 Cooperatives

Co-operatives have been around for nearly 200 years. In many parts of Europe they form a major sector of the economy. In the UK, despite a decline in the last half century, they are still significant: according to Co-operatives UK there are more than 4,300 co-operatives in England, with a total turnover of £27.5bn a year[220]. Some co-operatives are becoming important niche players in the retail market: Edinburgh Bicycle Co-op, for example, now operates in six cities and also has an online store.

Co-operatives are owned by their members, who all receive a share of the profits, but may otherwise operate just as any other commercial enterprise. Their mutual ownership model helps to prevent unwanted mergers or takeovers. They are governed by a set of agreed values that help to determine their activities[221]:

- voluntary and open membership (anyone who is eligible to become a member should be able to become one);
- democratic member control (all members get an equal say, regardless of size of financial contribution);
- member economic participation;
- autonomy and independence;
- education, training and information;
- co-operation amongst co-operatives;
- concern for the community.

There has been a recent upsurge of interest in the co-operative model, not only for retail but also for housing and – of particular interest to the current government – as a way of providing public services.

There is growing interest in using the co-operative model to provide an overarching approach to a locality. In Lambeth, south London, the local authority is seeking to become the first ‘co-operative council’.

A ‘co-operative council white paper’ was published by the authority in May 2010[222]. It states that ‘in choosing to live in Lambeth, or do business here, go to school here or otherwise contribute to our community, we are entering a conceptual co-operative’.

The white paper stresses that services should be personalised and community-based. There is heavy emphasis on the need to engage local people to play an active role in their community. Another key principle is that local people, particularly the marginalised and vulnerable, should be able to engage in civil society through ‘employment opportunities’:

‘By running public services with co-operative values, people can develop skills through citizen leadership roles, enabling individuals to develop their personal employability. We are therefore proposing a cross-sector programme covering all public services,

[220] Co-operatives UK, http://www.uk.coop/economy/figures
[221] Office for Public Management, New Models of Public Service Ownership: a guide to commissioning, policy and practice, 2010
[222] London Borough of Lambeth, The Co-operative Council: a new settlement between citizens and public services; a new approach to public service delivery, 2010. Download from: http://www.lambeth.gov.uk/Services/CouncilDemocracy/MakingADifference/TheCo-operativeCouncilWhitePaper.htm

commissioned services and contractors, to provide routes for citizens into high quality and appropriate employment.'

The council has identified some 'early adopters' of its ethos, including the Brixton Pound local currency scheme, designed to support independent shops and traders. Other examples of action cited include the Black Prince Trust, a community organisation that has taken over part of the former Lilian Baylis School site in Kennington and plans to develop community and sports facilities, and Community Freshview, a scheme to encourage volunteers to work with the council to improve and maintain green spaces.

While Lambeth has not directly applied its co-operative model to a town centre or high street, it is probably closer to such an approach than any other local authority.

6.6.2 Social enterprise

A social enterprise is defined as a business that trades for a social or environmental purpose. Generally, they aim to achieve a 'triple bottom line' of business, social and environmental benefit. They include the Big Issue newspaper, Divine Chocolate and GLL, a company running leisure centres. Many social enterprises may also be co-ops, so the figures produced by the social enterprise sector overlap with those produced by Co-operatives UK. According to Social Enterprise UK, there are 62,000 social enterprises in the UK, employing around 800,000 people[223].

Like co-operatives, social enterprises are individual businesses rather than a business model for the organisation of place, although there is no reason why planning authorities should not seek to establish clusters of social enterprises in particular locations. In practice, most of the organisations using and developing 'meanwhile' premises have been social enterprises or community groups[224].

Social enterprises may be able to add a new layer of diversity and activity to many town centres, creating a focus of interest that brings together local businesses and residents and reinvests proceeds in the locality.

An example is the Torrs Hydro scheme at New Mills in Derbyshire, the first community-owned hydropower scheme in England. It is a reverse Archimedes screw turbine designed to produce around 250,000 kWh of electricity over a typical year.

Torrs Hydro New Mills Limited was founded in 2007 and is incorporated as an Industrial and Provident Society (IPS). In total, the scheme cost around £330,000. A community share issue raised over £125,000, with grant funding providing another £165,000. The company is owned by its 230 shareholders, who are mostly local people and businesses. By November 2011 the project had produced 400,000 kWh of electricity.

Torrs Hydro was registered as an IPS specifically so that the community could own the hydroelectric scheme. It operates for the benefit of the community with a list of rules setting out its corporate objectives, which are local regeneration, education and to create 'an opportunity for public-spirited people and organisations to contribute financially to the community'[225].

6.6.3 Community assets

The transfer of surplus public assets to community uses has been part of government policy since the 2007 Quirk Review[226] and community use is an important option for vacant or under-used high street landmarks. In Hebden Bridge, West Yorkshire, the

[223] See http://www.socialenterprise.org.uk/pages/about-social-enterprise.html
[224] SQW Consulting, Meanwhile Use: Business Case and Learning Points, 2010
[225] See: http://www.torrshydro.org/index.php
[226] DCLG, Making Assets Work. The Quirk Review of Community Management and Ownership of Public Assets, 2007

former town hall has been transferred to Hebden Bridge Community Association and now provides a hub for council services, events and meeting space, and there are plans to extend it to provide start-up accommodation for new businesses. In Slaithwaite, near Huddersfield, a community owned shop is at the centre of a local loyalty campaign, and more than £25,000 has been raised for the shop through a community share issue[227].

Community land trusts are a model of community ownership that could be applied to high streets. A community land trust holds assets in perpetuity for local benefit, and can be used to generate economic activity and provide low-cost housing[228]. While they have been used predominantly as a way of providing affordable housing in remote villages, they are now being looked at in urban settings. The proposed Brixton Green community land trust will bring together housing, business space, a nursery and community spaces.

A recent programme of work by the Joseph Rowntree Foundation found that despite the loss of public funding and a gloomy economic outlook, there was an unprecedented opportunity for community organisations to own and manage local assets. However, the new wave of interest in community ownership has to be seen in the context of a long history and heritage of mutualism, and a rich diversity of community organisations and civil society. No single solution or set of solutions is likely to be appropriate everywhere.

There are also many challenges to be overcome. Funding is scarce; assets can become liabilities; communities need time and support to develop their plans, and future success cannot be guaranteed. While government is encouraging community ownership, state support that could facilitate such ownership is under pressure[229].

6.6.4 Local food

Community support for local food producers and networks is now well established, with a variety of approaches tested across the UK. These include the idea of community supported agriculture, promoted by the Soil Association, where local people club together to invest in local farming. Food co-ops are common, particularly in the wholefood sector, while the Plunkett Foundation supports community-owned shops.

The Campaign to Protect Rural England is promoting the idea of 'local food webs',[230] linking consumers with farming, food producers, local food shops, farmers' markets, box schemes, community supported agriculture and food cooperatives. A thriving local food web can support town centres by:

- offering distinctive high quality produce at smaller independent and traditional stores, helping them to remain viable;
- supporting values-based shopping within the 'local' economy which helps smaller outlets to compete with multiples;
- underpinning the produce on offer at farmers' and producer markets;
- supporting retail diversity;
- supporting clusters of smaller outlets, helping centres to compete with large one-stop stores.

[227] Action for Market Towns, Town Centre Comeback, 2011
[228] Emmeus Davis, J. and Stokes, A., Lands in Trust: Homes that Last. A performance evaluation of the Champlain Housing Trust, 2009
[229] Dobson, J., Community assets: emerging learning, challenges and questions. York: Joseph Rowntree Foundation, 2011
[230] See http://www.cpre.org.uk/what-we-do/farming-and-food/local-foods/update/item/1660-our-new-research-shows-the-value-of-local-food-webs

6.6.5 Events and activities

Award schemes can encourage good high street management. These can be simple improvements such as floral displays for the national 'In Bloom' competition to dedicated award schemes such as the Association of Town Centre Management's Purple Flag awards[231]. The Association of Licenced Multiple Retailers, which represents pub and restaurant owners, promotes the Best Bar None awards for licensed premises in association with the Home Office[232].

Festivals and cultural activities, done well, are reliable attractors of new visitors to high streets and town centres and many have become major tourist events, from the Hay-on-Wye book festival to the Whitstable Oyster festival or the Tramlines free music festival in Sheffield. A study on the impact of the Glastonbury festival commissioned by Mendip Council found the festival was worth just over £32m to the local economy[233].

'Meanwhile' uses can be a sign of good management, with more than 250 projects across England in 2010[234]. So far most engagement with local authorities has been on an ad-hoc basis, and there is scope for councils to become more proactive in pursuing high street-wide empty space policies, targeting key buildings to ensure they are brought into use. DCLG suggests local authorities can act as a helpful intermediary, negotiating a meanwhile lease with property owners and providing insurance and then granting individuals and organisations temporary licences to occupy[235].

Action to tackle crime and antisocial behaviour helps to keep high streets safe and attractive. 'Shopwatch' and 'Pubwatch' schemes can deter crime, building trust between traders and the local police.

6.7 Summary

This section sets out a very wide and diverse range of responses, from a range of actors, to the declining performance of high streets and town centres. What these interventions have in common is a lack of focused evaluation and understanding of their impact, both in terms of success in their own right, and their impact on town centres and high streets. Even for well-established, semi-institutional responses such as TCM/BIDs, there is a real lack of evidence around the costs, and benefits, to the high street, of their work, even if the renewal of BID mandates provides compelling evidence of the popularity of such activities.

[231] See www.purpleflag.org.uk
[232] See www.bbnuk.com
[233] Baker Associates, Glastonbury Festivals 2007: Economic impact assessment, 2008
[234] SQW Consulting, Meanwhile Use: Business Case and Learning Points, 2010
[235] DCLG, Looking After Our Town Centres, 2009

7 Where next for high streets?

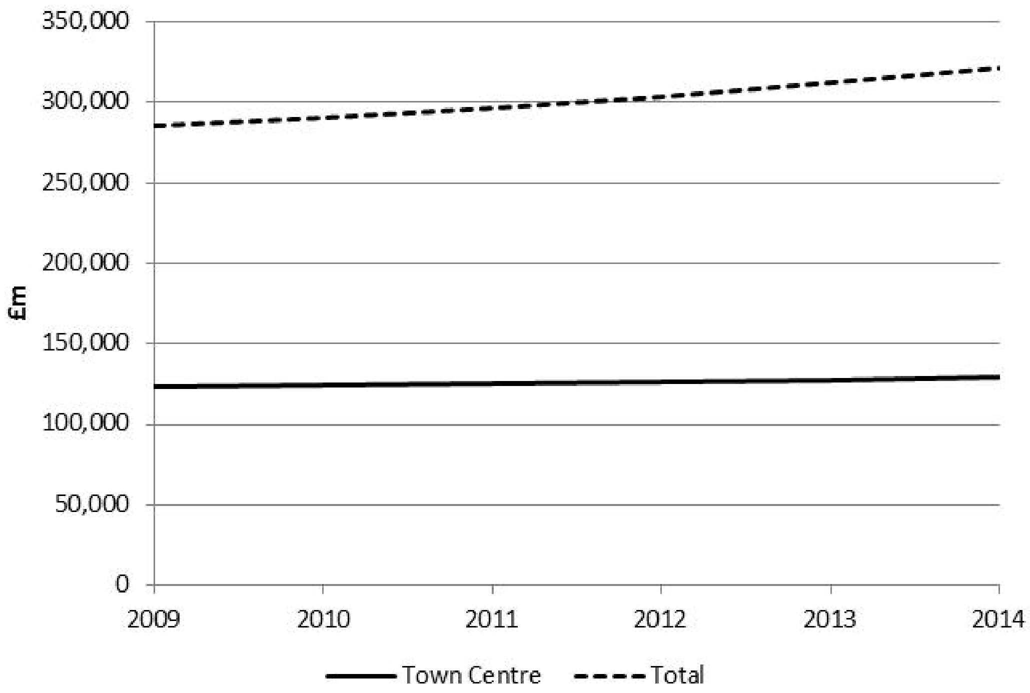
Key evidential findings

- **In terms of what is currently understood by high street performance, which is a largely retail based perspective, the broad trends are downwards.**
- **There are a range of potentially deflecting factors which might ameliorate these trends, but in some cases these factors could in fact exacerbate the negative impacts.**
- **A broader, more sophisticated view of the 'new' high street is needed, alongside more effective methods of understanding performance and acting on that understanding.**

7.1 Where are the trends leading?

Looking at what the future might hold for high streets, some trends are clear. While the level of town centre retail spending is forecast to be close to flat over the next few years, total retail sales are forecast to grow by 12% (Fig. 29). As a share of total retail spend, town centre sales are forecast to continue their current decline, from 43.3% in 2009, to 40.2% in 2014 (Fig. 30).

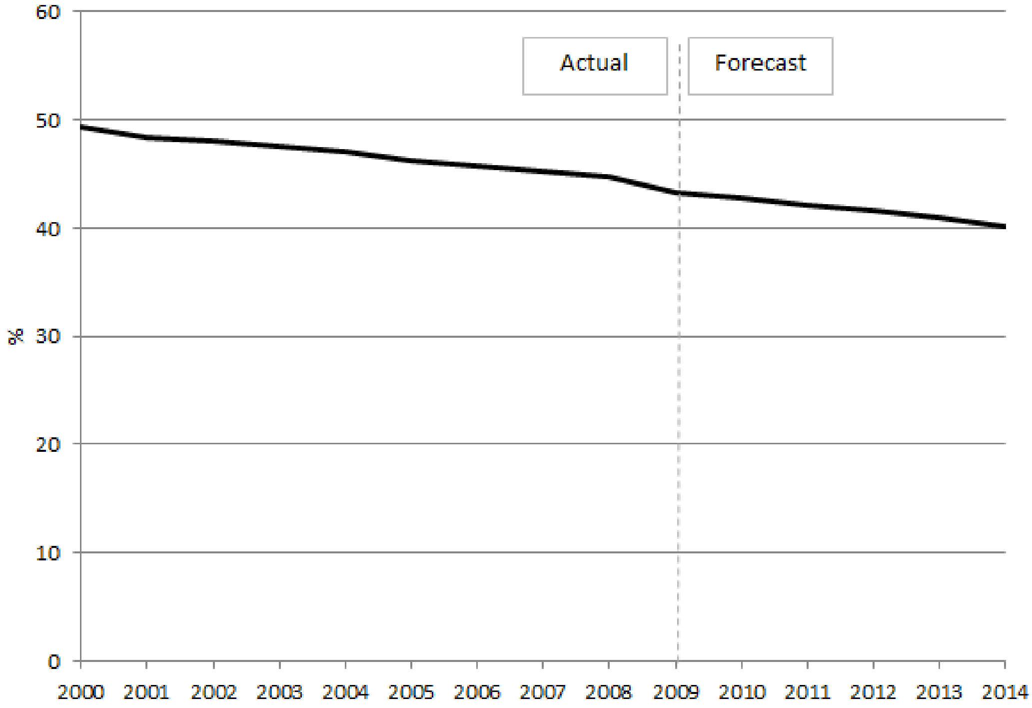
Figure 29: Total Town Centre vs Total Retail Spending, Trajectory



Source: Verdict Research, Town Centre Retailing, 2011.

Notes: 2009 actual figures, 2010 to 2014 estimates.

Figure 30: Town Centre Spending as a Proportion of Total Retail Spending

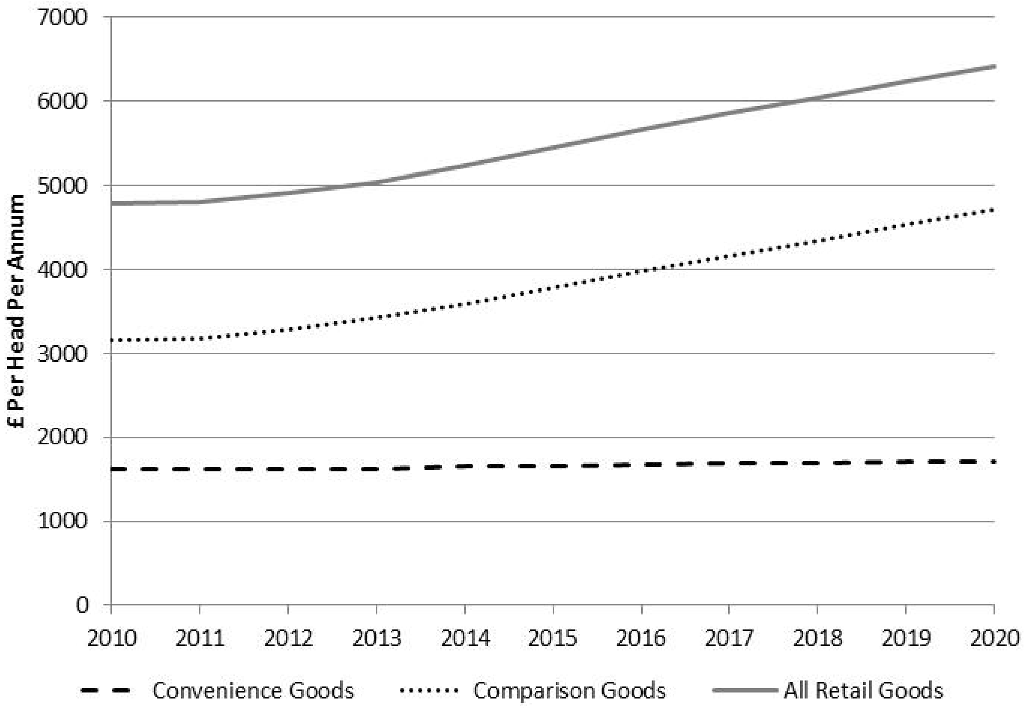


Source: Verdict Research, UK Town Centre Retailing, 2011.

The levels of town centre retail space, and store numbers, are also forecast to decline. A loss of 8.2% of floorspace between 2009 and 2014 is expected, with store numbers declining by 6.4% across the same period[236]. This is forecast to have an effect on vacancy rates within town centres. From a current rate of 11.9%, the rate is forecast to peak at 12.2% in 2013, before gradually falling back to 11.3% by 2020[237] (Fig. 31). The edging down in void rates is due to a forecast slow recovery in consumer spending in 2012 and 2013. However, vacancy levels will not return to historic levels because of the slow long term trend of rising voids. Town centre/high street prime retail rents, on average, are forecast to make only a slow recovery over the next 10 years (Fig. 32). By 2018, for example, they are expected to be little different from the rents achieved back in 2008 – a decade earlier.

[236] Verdict Research, Town Centre Retailing, 2011
[237] Oxford Economics/PMA

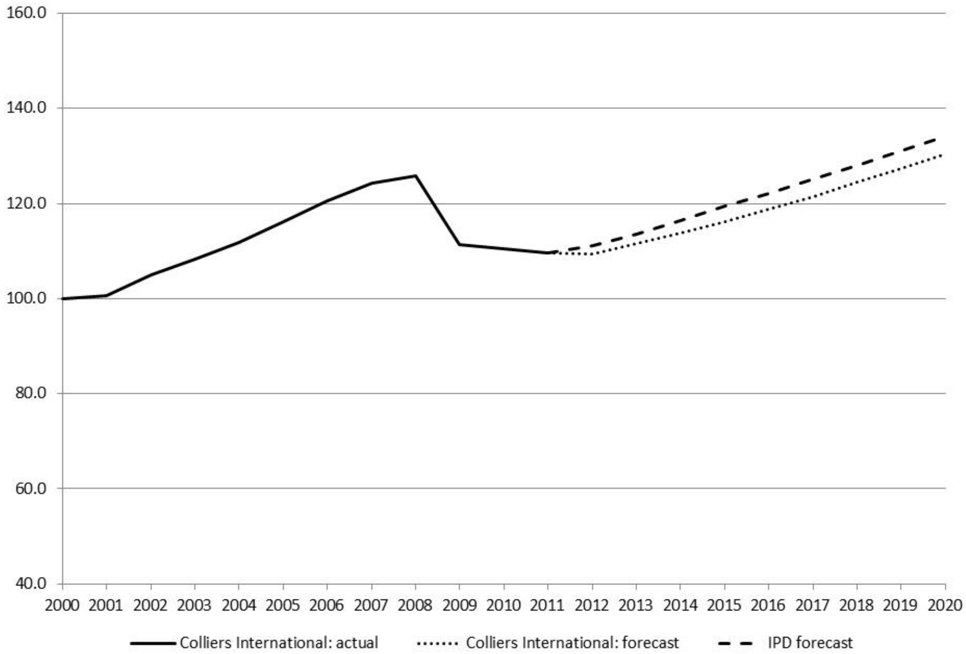
Figure 31: Consumer Retail Expenditure Per Head, Trajectory



Note: Chain linked, constant 2006 prices

Source: Pitney Bowes/Oxford Economics, 2011

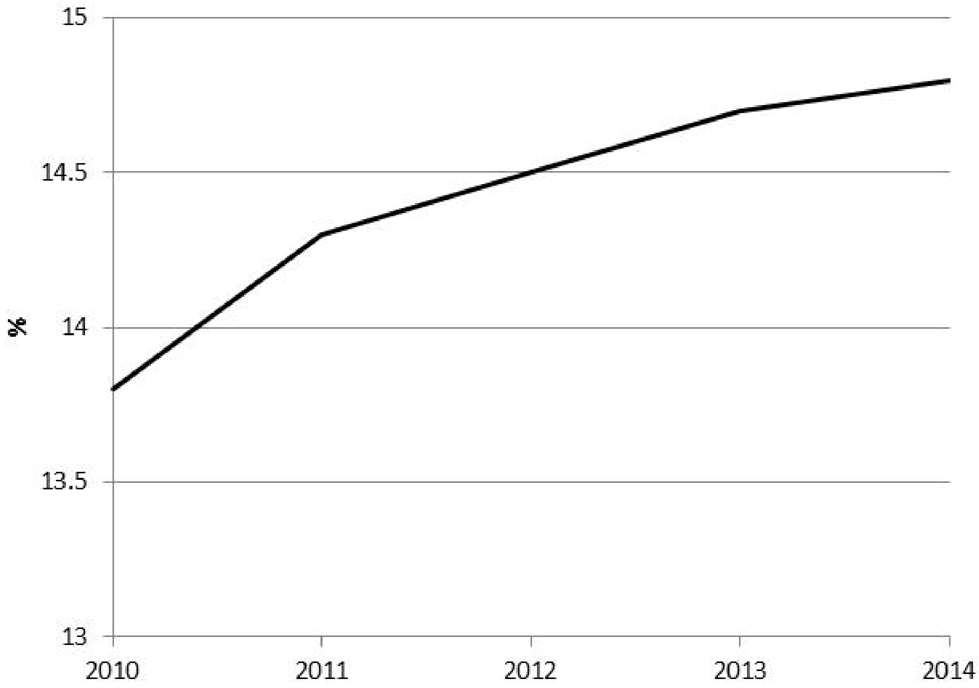
Figure 32: Average Prime Town Centre Retail Performance for England (Nominal Rents), 2000 - 2020 (Indexed: 2000 = 100)



Source: Colliers International

Town centres will continue to be impacted by the growth in supermarket non-food sales and spending online. For example, the grocers' share of non-food sales is forecast to continue to rise, from the 2011 level of 14.3%, to 14.8% in 2014[238] (Fig. 33), whilst non-store retail sales as a proportion of all retail sales is forecast to grow from around 10% now to between 12% and 15% by 2016 (Fig. 34). All forecasts currently show a plateauing of non-store sales from 2016 onwards.

Figure 33: Grocers' Share of Non-Food Sales, Trajectory

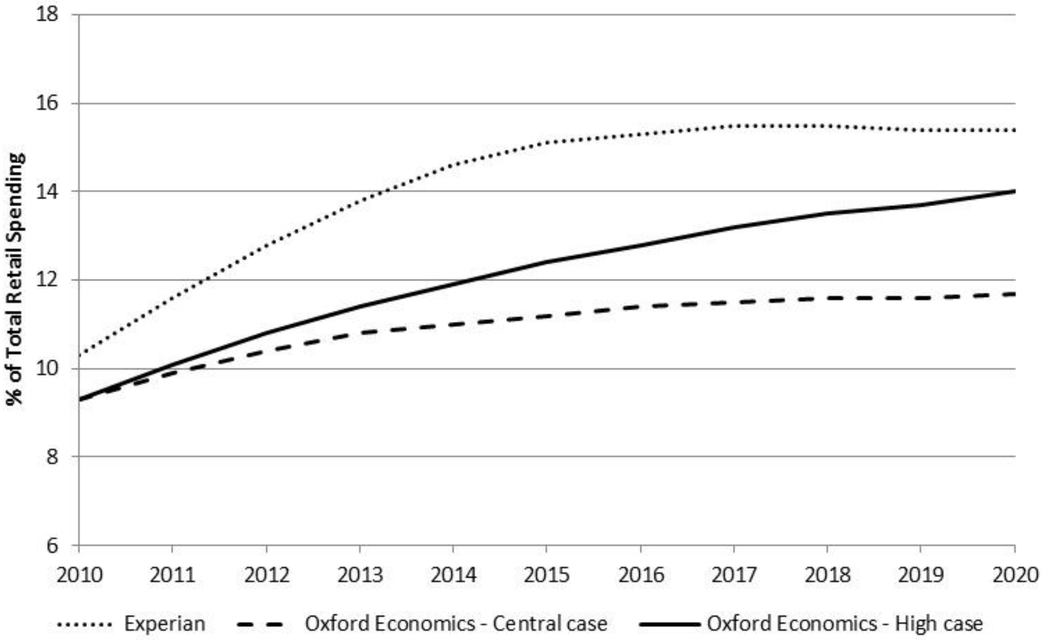


Note: 2010 actual figure, 2011 to 2014 estimates.

Source: Verdict Research, UK Non-Food in Grocers, 2011

[238] Verdict Research, UK Non Food in Grocers, 2011

Figure 34: Total Non-Store Retail Sales, Trajectory



Note: 2010 actual, 2011 to 2020 estimates.

Source: Experian and Pitney Bowes/Oxford Economics, 2011

As illustrated, we have most information about retail trends: consumer choice and spending, location and size of shops, and patterns of ownership. Looking at these in the round, we can identify a continuing flow of consumer spending towards prime shopping sites (in major cities and out-of-town), towards supermarkets, and online.

We know too that this shift in location of spending aligns with a growing emphasis on convenience and value. Accessibility, availability and price are strong drivers of consumer choice. Given that large supermarkets and out-of-town stores are cheaper to run[239] it is no surprise that they are able to offer customers better deals.

Thirdly, we know that consumer spending is currently being curtailed as income falls in real terms and unemployment rises. While this may drive custom towards the value end of retailing, it is also likely to drive retailers towards larger, more cost-efficient stores[240]. Looking further ahead, to 2030, the signs appear to be more positive, but forecasts suggest that areas such as housing and utilities, miscellaneous services, and recreation are projected to account for a greater share of household budgets with food and clothing accounting for less[241].

This does not mean high streets are on a uniform trajectory of decline, as the Colliers TCM benchmark data presented in Section 4 indicates. It does suggest that the rise of out-of-town shopping would have been even more marked without 'town centre first' planning policies, and that while planning guidance may have had some impact on consumers' behaviour, it has not fundamentally changed their preferences.

The more relaxed and locally directed approach to planning proposed in the National Planning Policy Framework is unlikely to change current trends. If anything, the

[239]Cheshire, P., Hilber, C. and Kaplanis, I., Evaluating the Effects of Planning Policies on the Retail Sector: Or do town centre first policies deliver the goods? 2011
[240]GVA Grimley, Retail Trends, 2011
[241] PWC, How might UK consumer spending patterns change over the next 20 years?, 2011

presumption in favour of 'sustainable development' may make edge-of-town and out-of-town developments more likely (see below)

This in turn suggests that more high streets will seek ways to differentiate themselves from prime city centre and out-of-town shopping. This trend has been evidenced so far in different approaches to branding and marketing, in local loyalty schemes and in specialisation (Bradford's 'World Mile' on White Abbey Road is one example[242]).

These initiatives are mainly concerned with retail competitiveness and attracting consumer spend. Without government intervention in the market, these are likely to be of limited impact, with the consequence that high streets will need to think beyond retail to find strategies for survival.

In general, the thrust of the Coalition Government's approach has been not to intervene. Specific initiatives such as the £20m 'high street support scheme' announced by DCLG after the August 2011 riots need to be set against the wider strategy to reduce the fiscal deficit, which has resulted in significant reductions in local authority spending and the removal of targeted regeneration funding[243].

Many local authority plans to redevelop town centres are on hold and there is no sign of a return to the public sector-led development activity of the last decade[244.] Planning applications are more likely to reflect developers' preference for edge-of-town and out-of-town locations.

It is important to recognise that these trends are broad and mask a wide degree of local variation. Activity in London and south-east England, which have been less severely affected by recession, unemployment and the loss of property value, is more likely to continue in line with the trends of the last decade than in other parts of the country, some of which may face market collapse or serious shrinkage as employers close and consumer spending declines.

This may create markets for specialist high streets at the more affluent end of the spectrum, and a very different kind of offer based on low price and local value in places that are seeing a withdrawal of investment. Overall, however, current trends are unlikely to lead to any upsurge in the traditional high street's fortunes as a retail destination.

7.2 Deflection factors: why might expected trends change?

The trajectories outlined above are not set in stone, and indeed much of the lobbying from different interest groups in recent years has been designed to mitigate these trends through government action.

7.2.1 Localism, planning reform and competition law

The Coalition Government has pledged to radically reform the planning system to give neighbourhoods far more ability to determine the shape of the places in which people live, based on the principles set out in the Conservative Party publication Open Source Planning, and now embodied in the Localism Bill[245].

Localism appears to indicate a real opportunity for high streets, and those involved in their management, to align a focused approach to management with planning policy that can be beneficial to their ongoing development and protection.

[242] http://www.bradford.gov.uk/bmdc/world_mile
[243] House of Commons Communities and Local Government Committee (2011). Regeneration: Sixth report of session 2010-2012
[244] GVA Grimley, Retail Trends, 2011
[245] Localism Bill 2010/11 – UK Government

BIDs are well placed themselves to respond to Localism, and its implications to the high street, as they are designed at the neighbourhood level. 41% of Town Centre BIDs are currently considering the impact of the Localism Bill on their area when it becomes legislation in 2012. BIDs are already engaged in a number of localised activities which include business crime partnerships (52 BIDs), high level local authority engagement (47 BIDs), community safety partnerships (45 BIDs) and planning applications (43 BIDs). This shows potentially how well placed BIDs may be to helping deliver the Localism agenda[246].

The key areas of interest to high streets relate to the planning element and in particular the proposals to create Neighbourhood Forums and Neighbourhood Plans. The suggestion is that these Neighbourhood Forums can produce a Neighbourhood Plan which, if agreed to following a local referendum, must be taken into account by planning committees when determining applications. The Neighbourhood Plans will impact on a specific development only in so much as they lay down another layer of criteria that all developers must meet.

The model for a Neighbourhood Forum is a parish council (and indeed, where parish councils exist, they will be the Neighbourhood Forum). In most urban areas there are no parish councils and so the Bill is trying to produce a similar body without creating urban parish councils (which may have a far wider remit than just planning). But, like parish councils, the principle is that the membership is for local individuals, not businesses or town centre management organisations. In practice, this means that businesses are excluded as a body. Under the current proposals in the Bill, a practical way to involve business in the forums is for business people who live locally to turn-up to the Neighbourhood Forums and make their personal (and professional) views known. The Government has pointed out that many councillors are business people so business does get represented as part of the wider community and this should be what happens with Neighbourhood Forums

The BPF are discussing with the Government ways to involve businesses in this voting process with a separate referendum for business, based upon the BID voting model.

The Neighbourhood Plan must not contravene more strategic plans (i.e. they must not go against national policy and borough plans). In practice, given how these "higher" plans look at broad-brush, strategic issues, then within these broad parameters the Neighbourhood Plans will look at local detail (sites, design, mix, etc). So, it seems likely that an agreed Neighbourhood Plan could not say no to office and retail etc in a particular area (since higher plans zone the area to include this), but it could insist on certain design standards, mix of uses, etc which might prove difficult for developers.

On individual planning applications, the new process will have two implications. First, if a proposal meets all the requirements of the Neighbourhood Plan, it can be given automatic approval. Secondly, the local criteria that they have set down will form part of the planning policy for their areas which developers and planning committees must take into account. Neighbourhood Forums will not have additional powers to determine planning applications. A potential concern for town centre management is that an additional level of local planning policy, determined purely by local residents, could cause difficulties in obtaining planning consents in the future. However if adopted by BID's in particular there may well be an opportunity for greater business input into planning and regeneration matters.

The BPF believes that it has persuaded the government that it would be inappropriate and unbalanced in certain neighbourhoods to have a forum consisting solely of local residents. In areas that are predominantly business areas or are a mix they have argued that business should also play a role either by forming or playing a part in the neighbourhood forum. BIDs have been put forward as a model for forming these forums.

[246] Nationwide BID Survey 2011, RICs Research Partner

The BPF are also discussing with the government ways to involve businesses in this voting process with a separate referendum for business, based upon the BID voting model. The BRC is of the view that:

"The BRC recognises that a blanket one-size-fits-all approach would not give local communities the flexibility they need to develop and deliver solutions that best meet the needs of their area. To achieve "responsible localism", the Government needs to adopt a framework which defines the boundaries and parameters within which local decision-makers act. This will give businesses greater certainty about what they can expect from local decision-makers, which is crucial for business planning. There must also be a genuine choice for local business interests."[247]

If retailers are to support fully the measures set out in the Bill the following areas need to be addressed satisfactorily[248]:

- greater certainty is needed about the scope of local authority powers
- localism must not lead to greater tax raising powers for local authorities.
- businesses must be given a genuine opportunity to play an active role in community issues.
- an effective approach is needed to assets of community value.
- effective Local Enterprise Partnerships.
- neighbourhood planning must be compatible with economic development.

Planning and competition law have been regarded by many as ineffective in preserving a level playing field between the large supermarket chains and retail developers on one hand, and independent and locally based traders on the other. Despite objectives of public policy, over the last 30 years 'the free-standing, car-based, food superstore is now the hegemonic retail format'[249].

Current planning policy is likely to see a degree of relaxation of 'town centre first' policies (for offices in particular), while it is unlikely that the government will revisit competition law only three years after the Competition Commission investigated supermarket dominance[250].

However, this could change in the longer term. The prospect of 'retail deserts' abandoned by mainstream providers or a more aggressive tax regime for large firms that use offshore operations could prompt a shift in the balance between high streets and their competitors.

More probable is that supermarkets could lose some of their competitive advantage because of global trends (see our analysis of externalities and demographic factors in section 3), including volatility in commodity and energy prices, a loss of investor confidence and continued restrictions on lending by banks. However, these factors would impact on high street and independent retailers too. The survivors in more turbulent economic times are likely to be the companies that are well capitalised, have strong lines of credit and a dominant position in their market, whether they are town centre or out-of-town or online operators.

The draft National Policy Planning Framework[251] seeks to 'promote the viability and vitality of town centres'. It seeks to promote a more flexible approach, while preserving the 'sequential test' that asks developers to demonstrate that proposed facilities and

[247] British Retail Consortium, Localism Agenda – making sense of localism, 2011
[248] British Retail Consortium, Localism Bill, BRC Briefing, 2011
[249] Alan Hallsworth, Ronan de Kervenoael, Jonathan Elms & Catherine Canning, The food superstore revolution: changing times, changing research agendas in the UK, The International Review of Retail, Distribution and Consumer Research, 20:1, 135-146, 2010
[250] The Competition Commission, The Supply of Groceries in the UK Market, 2008
[251] DCLG, Draft National Planning Policy Framework, 2011 [online] http://www.communities.gov.uk/documents/planningandbuilding/pdf/1951811.pdf

services cannot be provided in a town centre location. It asks local authorities to ensure there are sites for retail, leisure, commercial, community services, and residential development and that those sites for retail and leisure are large enough to meet local needs. Councils are asked to assess 'the need to expand town centres to ensure a sufficient supply of suitable sites'.

The framework suggests a more pragmatic approach to changes of use than has been applied by some local authorities, and a greater willingness to accept large stores and leisure facilities in-town centre and edge-of-town locations. This is likely to require trade-offs between economic development and the protection of heritage and local distinctiveness.

The framework also suggests a presumption in favour of 'sustainable development'. It will therefore be for the local authority to justify any planning permission refusal, and this has clear implications for already financially stretched councils. Some commentators have suggested that amending the sequential test, and reversing the presumption so that developers have to develop (whether this be retail or office etc) within town centres, unless they can prove that it would be harmful to do so, might enable greater vitality and rejuvenation on the high street. In this vein, the British Independent Retailers Association is calling for the NPPF to be strengthened with a presumption against development that does not satisfy the sequential test, including offices. It wants impacts on local employment to be included in independent assessments of retail and leisure proposals[252].

The debate over the NPPF is ongoing, and key aspects of its implementation stand to have a very significant bearing on approaches to the high street and town centres. Whatever form the legislation finally takes, meaningful evaluation of its outcomes should be implemented, so that a more sophisticated understanding of the interface between planning and town centre economies can be developed.

7.2.2 Business rates and finance options

More controversially, there have been calls for local authorities to use their rate-setting powers to offer incentives to high street traders and reduce the perceived tax advantages of out-of-town centres. In Northern Ireland a proposed 'Tesco tax' will levy an additional rate on large-format stores to be recycled as support for small businesses, although there has been strong opposition from other major retailers. Civic Voice has called for a similar move in England.

The current Local Government Resource Review proposes reforms in business rates[253], which the government says will encourage economic growth. Some local authorities have been less enthusiastic, saying the proposed system is overly complex and creates uncertainty[254].

In broad terms, retail accounts for around £6bn in business rates per annum, some 25-30% of the total bill for the UK. The Uniform Business Rate is set taking into account the Retail Price Inflation Rate in September of the preceding year, and with RPI in November 2011 at 5.6%, commentators note the burden on the retail sector of such a rise being potentially very significant.

Although the Government can defer a rise (and has done so in the past), experience tells us that if not deferred at the appropriate time (i.e. before the bills are sent out in March 2012) the costs of administering such a deferment are likely to be substantial.

The Government does have the option to defer or even reform the mechanism altogether, but commentators in the retail industry think this is unlikely, although representations by

[252] British Independent Retailers Association, Comments on the draft NPPF, 2011
[253] DCLG, Local Government Resource Review: Proposals for business rates retention, 2011
[254] London Councils (13 October 2011). *Business rates reform proposals do not add up* (Press release). [online] www.londoncouncils.gov.uk

bodies such as the BRC have been made[255]. The Association of Convenience Stores is currently seeking evidence from its members on the impact of this potential rates rise, stating that a rise of 5.6% is not affordable at the current time[256].

Also looking forward, commentators point to a potentially critical issue, particularly for small independent retailers, connected to the latest revaluation exercise. With the last antecedent valuation date set at the 1st April 2008, there have been some clear and substantive effects of the recession on the high street which could be regarded as constituting a material impact. With the Valuation Office treating these changes as purely economic factors, a trend is emerging in limited willingness to negotiate an appeal over business rates. This is particularly the case for smaller retailers who are perhaps less likely to be willing to risk, or indeed be able to afford, an appeal. More broadly, this likely chain of events will lead to the retail sector being further overvalued, with business rate burdens artificially high over the course of the valuation period (five years) – an impact likely to cause greater difficulties for small, independent retailers than the larger stores.

Tax increment financing may also be an option for larger centres. Pioneered in the US, this is a system where local authority investment is recouped through a levy on the uplift in value created by new development. Tax increment financing is an element of the proposed business rate reform in England, and is already being trialled in Scotland. However, it only works in a rising market and is likely to be of use to high streets only in more prosperous areas and in larger cities where there is a demand for development.

At the lower value end of the market, high streets need different approaches. The work done by the Meanwhile Project in developing the 'meanwhile lease' has created a template for bringing many empty shops back into short-term use, while Empty Dwelling Management Orders (EDMOs) can be used to tackle the blight caused by empty property where upper floors have been used as residential accommodation. A guide to the use of EDMOs has been published by the Empty Homes Agency[257], but as yet, there is limited understanding of the impact of these tools.

The Business Rate Supplement (BRS) Act 2009 has given Unitary Councils, County Councils, and in the London context the Greater London Authority the ability to levy a local supplement on the business rate for investment in that area. This may offer the opportunity. Of course, the local supplement value will be a reflection of the value of the business rate itself – which will be dependent on local circumstances and the trends outlined.

The Government is currently consulting on proposals for retention of business rates by local authorities, which may offer some local opportunities to influence change. Similarly to the BRS mechanism, this is dependent on the extent to which income can be hypothecated and allocated, as well as the level of income generated being a clear reflection of the global business rate value. If this is falling as a result of the trends discussed, the potential value of the retained element also falls.

7.2.3 Consumer attitudes to value

Changes in consumer attitudes could change current trajectories for high streets and out-of-town centres. The growth of local loyalty schemes and farmers' markets suggest a rising concern among sections of the population to support local producers and independent shops. This could be comparable to the growth of Fairtrade products, which have seen a rise in market share despite the recession, from £836m in 2009 to £1.17bn in 2010[258]. However, consumers do not always put their money where their mouths are. A

[255] See Retail Gazette, Monday 31st October 2011
[256] ACS Press Release, 31st October 2011
[257] Empty Homes Agency, Guide to Empty Dwelling Management Orders, 2009 [online] www.emptyhomes.com
[258] Fairtrade Foundation, Fairtrade sales soar to well over £1bn showing the UK still cares in tough times. 2011 [online] www.fairtrade.org.uk

study of attitudes to local food by the University of Reading found that consumers thought locally produced food was preferable, but were put off by perceptions of inconvenience, high prices and lack of availability[259].

This suggests that there is a need for more detailed and sophisticated evaluation of the value of the high street, in terms of broader socio-economic indicators and quality of life, in order to educate consumers as to the potential medium-term impacts of their choices about shopping and leisure destinations.

7.2.4 More effective place management

More active and effective management is also an approach which has the potential to either deflect or ameliorate the most harmful aspects of the trends evidenced above, as well as helping to enhance already strong performance in thriving towns and high streets. The literature clearly evidences a gradual but concerted trend towards the formation of formal town centre management models. Since the inception of business improvement districts in 2004, 123 organisations have been created across the UK each focusing on the particular needs of the district and business community it represents[260.] The progression from BID development to BID renewal shows that level of support over time tends to strengthen, the renewal results have increased in most cases and only one BID has failed to achieve renewal of their mandate through a ballot to date (from a base of 32 renewal ballots)[261]. This demonstrates that, even though the evidence rarely attempts to quantify return on investment, businesses are seeing a clear value in the BID approach.

Importantly though, town centre management for local authorities is a non-statutory service and is prioritised or otherwise based upon individual Council policy and management plans. There is no requirement upon individual Councils to employ a town centre manager and the role has developed organically since 1987. In the current climate of public funding cuts there is a genuine concern from ATCM and others that town centre management will fall quickly down the service delivery ‘pecking order’.

BIDs also offer sustainability of funding over a defined period of time. The Nationwide BID Survey 2010 found that the then BID population of 102 BIDs had the capacity to generate investment of circa £66m per annum for regeneration and business development based upon a cumulative mean of levy/additional income across their sample population[262]. The cumulative investment attracted as a result of development activities over and above those funded directly by BIDs amounted to circa £875m. With the onset of reduced levels of public funding, which are almost certain to impact on town centre management schemes, this may prove attractive to both local authorities and the business community.

The introduction of property owners into the BID model also offers the potential for increasing high street vitality. During the development of the BRS, extensive lobbying[263] was undertaken to include an amendment which would provide a mechanism for property owners to be formally included within the BID framework. This proposal has been adopted and the detailed regulations are currently being debated.

The development means there will be opportunity for embracing the property sector within the formal Business Improvement District. Their inclusion would be likely to provide for a more medium to longer term view being taken as to the development of the district, it would provide for greater voice and influence and contribute significantly to the budget, depending upon the approach taken to the levy. Their inclusion would also secure a

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[259] Lobb, A., Butler, L. and Harvey, K., UK Focus Group Evidence: Consumer attitudes to local, national and imported foods. 2005
[260] British BIDs website
[261] British BIDs BID Ballot results / Nationwide BID Survey
[262] The Nationwide BID Survey 2010
[263] Work undertaken by the British Property Federation and British BIDs supported by New West End Company and Heart of London Business Alliance

number of Board positions which would balance the voice of the office and commercial occupiers currently represented.

The Business Rate Supplement Act provides for a new kind of BID – a 'BRS-BID' - to be established in areas where a BID and BRS both apply. The BRS-BID will allow a property owner levy, so that landowners can contribute to and participate fully in BID activities. In the current legislative environment, there is no guarantee that an owner will contribute to a BID, even if a previous owner has been a long standing contributor. By amending the legislation BIDs will be given the certainty that owner contributions will be made.

The form and function of BIDs appears to fit the Government's localism agenda well, with local businesses at liberty to decide whether or not they want a BID. In addition, the BID model allows local businesses to have more of a stake in their local trading environment. The ongoing evolution of the localism agenda will have a profound effect on how BIDs and TCM can influence the trends in high street and town centre performance.

7.3 Alternatives to the traditional high street

It is too early to point to trends and trajectories for alternative uses of the high street, and there is sparse evidence on their effectiveness. However, a common factor in many of the new visions and uses that are emerging is a different approach to valuing activity. Social value and the civic use of space are seen as key to populating places that have lost some of their previous functions as places of trade: social exchange becomes as vital a part of the mix as monetary exchange.

The '21st century agora' approach to high streets, for example, takes the idea of the market and reframes it as a marketplace for voluntary activity, learning, social interaction and ideas as well as for goods and services[264]. Part of the value created by The People's Supermarket[265] is the value of voluntary activity and participation in a community; this is a value that cannot be measured by turnover or profits alone. The value created by Incredible Edible Todmorden[266] is the value of a shared purpose, a sense of identity and belonging, and quality of life – not just the value created by bringing new visitors to a town centre. In Wigan, the value created by the WiganPlus[267] loyalty scheme is the creation of new partnerships between the local authority and the private sector and new ways of promoting volunteering, not just the extra spending generated by deals and discounts.

The extent and significance of such approaches is not currently measured. Some of the criteria used in the healthchecks developed in recent years by BIS, DCLG, Action for Market Towns and others may be helpful here, but until there is a consistent approach to gathering evidence and analysing its importance it will be impossible to know whether new approaches to the high street are working, or even whether more of them are being developed. This illustrates the need for measures that will show not just what has happened in the past, but the impact of the range of responses and alternative approaches that are now being developed (see section 5).

[264] Urban Pollinators, The Twenty-first Century Agora: A new and better vision for town centres, 2011 [online] http://urbanpollinators.co.uk/wp-content/plugins/downloads-manager/upload/C21%20agora.pdf
[265] http://www.thepeoplessupermarket.org/
[266] Urban Pollinators, Placemaking with Dirty Hands: why local food matters, 2011 [online] http://urbanpollinators.co.uk/?page_id=1176
[267] http://wiganplus.com/

7.4 A broader and more sophisticated view of the high street

While commentators and analysts have advocated a broader view of the high street as a social space with a range of functions, ways of measuring and assessing high street performance have tended to focus overwhelmingly on retail functions.

If the high street of the future is to be different in function from the shopping centre, then different indicators need to be used to measure how well it is doing. If not, a high street that loses branches of multiple stores or has a plethora of shops focused on a particular market segment may be labelled 'failing' when it is in fact continuing to serve an important role within its locality.

Our research has found gaps in the evidence needed to measure the visions of success that are now being advocated. The following gaps are likely to be of particular importance:

- the concept of the high street as an economic and spatial entity is not reflected in literature on employment trends or economic value. It is therefore problematic to gauge the full effects of 'town centre first' policies or of out-of-town and supermarket development. This also makes it difficult to gauge the social and cultural value of the high street, or to assess the social and cultural costs of high street decline;
- there is very limited ex-post evaluation of the impact of supermarket/out of town/edge of town developments on the local economy. One potential avenue for addressing this is to go back to ex-ante forecasts generated as part of planning applications/economic impact appraisals, to test whether the assumptions made have been borne out in practice;
- work on the local value of retail supply chains is limited. The New Economics Foundation has developed a theoretical model and toolkits to measure the 'local multiplier effect' of supporting local producers, but there has been limited testing of the approach in practice[268];
- there is no standard approach to examining the costs and benefits of different approaches to town centre management and comparing them. The challenge for TCM/BIDs is to demonstrate not just sustainability of funding and the opportunity to influence services, but to evidence return on investment. In assessing their impact, it should be emphasised that a BID is an investment from which business benefits are expected in return, rather than a levy or tax, and appropriate language should be used accordingly. Identifying how and why a BID would generate such benefits and what the scale of these might be will be important to both local businesses, and policy makers. While the key messages emanating from the Nationwide BID Survey 2010 research show positive responses concerning performance measures on value for money, additionality and benefits to business indicators, more work needs to be done to fully evidence this impact;
- finally, more needs to be done to inform decision makers on the cause and effect of key factors. The fundamental issue with the literature is a localised focus on ex-ante analysis, rather than ex-post evaluation of impact and cause and effect which is capable of being consistently extrapolated to the local level.

It is also the case that it would be helpful to policy makers at both the national and local levels to know more about the underlying causes of some of the trends identified in Section 4 of this report. The understanding of exactly why people are leaving the high street, and whether there were circumstances within the control of policy makers that could have prevented this, is very limited. This is understandable – in many places local decision makers are not even aware of changes on the high street until they have

[268] Sacks, J. The Money Trail: Measuring your impact on the local economy using LM3, 2002; and Ward, B. and Lewis, J. Plugging the Leaks: Making the most of every pound that enters your local economy, 2002

happened, never mind being in a position to carry out some kind of exit interview/ex-post analysis. And doing so will of course have financial and resource implications. Nevertheless, it would fundamentally help to resolve some of the critical issues we have identified in considering the evidence available.

7.5 An improved framework for high street performance measurement

If the weight of evidence points to a long decline in the traditional uses of the high street established over the last century or more, and the emergence of a new ambition for the high street that encompasses much more than retail, we need a different way of collecting evidence to show whether the high street is succeeding or failing.

Various approaches to healthchecks were described in section 4. While these are all helpful, they are not consistent, and to a great extent are still based on a view that a competitive high street is one that competes with prime shopping locations for retail trade. On such a measure, the evidence would suggest that most high streets are on a declining path.

The wealth of evidence shows that the high street, while ill-defined, is a complex space that carries a wide range of associations and uses, and is valued (or disliked) by visitors for a host of reasons. Below we set out for discussion the basis of a framework that could be used to assess high street performance in future and should help to determine the evidence to be gathered. This builds on the extensive work carried out by a range of parties, including the ATCM (particularly their Milestone model), SkillSmart and others in this field.

We are suggesting four headline indicators key performance indicators (KPIs) for further consideration, under which could sit a range of measures weighted according to local circumstances. The headline indicators are applicable to all high streets and town centres. By combining them it should be possible for local authorities and their partners to judge whether a high street is succeeding, failing, stable or in transition, and have a better understanding of why this is the case.

7.6 Key performance indicator: footfall

Footfall is the key to understanding a place. The measurement of footfall should gauge the number and frequency of visitors to the area defined locally as the high street or town centre, not just visitors to shops or particular attractions. It needs to measure seasonal variations, and variations at different times of day – is the high street used only during traditional working hours, or does it also have an active night-time and weekend economy?

Increases or decreases in footfall may be viewed positively or negatively, depending on local ambitions and priorities. A high street that contains a significant amount of residential accommodation may need quieter periods. The purpose of measuring footfall is to assess whether the high street is functioning as intended.

The quantitative measurement of footfall needs to be underpinned by an understanding of why people are visiting the high street and how long they are staying. A large number of visitors who are simply passing through (on the way to or from a workplace, for example) suggests a different type of management may be needed than in a ‘destination’ high street where people come for a particular purpose and are likely to stay several hours.

Importantly, footfall is not just a reflection of retail strength, although of course this is likely to be a key driver, if not the key driver. Other uses can be critical footfall drivers, such as public services (a health centre for example) or major businesses (with employees using the high street to come and go).

So a footfall indicator would require a set of locally chosen sub-indicators, including:

- length of stay;
- number of places visited; and
- frequency of visits

7.7 Key performance indicator: consumer and business satisfaction

To measure whether high streets are serving the social and community purposes envisaged for them as well as their traditional retail functions, we need to measure users' satisfaction. Do they like what they are finding and will they come back for more?

Satisfaction scores can differentiate between types of users (residents, local workers, visitors) and also how they use the high street (are they traders, shoppers, employees?) Are they there for a night out, a quick purchase, or for an event or attraction?).

They can also drill down into why people are satisfied or dissatisfied, measuring views on cleanliness, accessibility, signage, variety of facilities and more. They might also include indicators which have a material effect on satisfaction, such as safety and occurrence of crime, or perceptions thereof.

The views of businesses in the high street and town centre on a range of issues need to be better understood. Gathering information from businesses might also enable local authorities/TCM functions to develop a more sophisticated understanding of business needs and concerns – perhaps at some point informing a town centre business plan.

7.8 Key performance indicator: diversity

A successful high street can be determined by the range and variety of facilities on offer and the diversity of uses and users. The more there is to offer, the more people are likely to visit, so diversity is a driver of footfall. But it can also be a product of footfall as new activities spring up to cater to growing numbers of visitors.

On its own, diversity is not a measure of success or failure. A town such as Hay-on-Wye, for example, might see a cluster of bookshops as an indicator of success. A concentration of betting shops or charity shops might be deemed an indicator of a problem in other areas. However, a diversity indicator measures the range of potential destinations or attractions, and can also indicate resilience and adaptability: a high street with a wide range of uses is less vulnerable to technological or fashion changes that could lead to the loss of particular markets.

Diversity also measures non-commercial activity that is missing from current assessments of high street performance. The presence of a Citizen's Advice Bureau or library can be as important in drawing footfall as a café or fashion store; the use of buildings as student accommodation could indicate a viable market in convenience shopping. Other, more cultural and social aspects of a high street's draw need to be considered, although as we have already noted, greater thought is required on precisely how this should be approached before moving to the point of developing KPIs for measurement.

Helpfully, this measure corresponds closely to the ATCM's occupier mix KPI within the 'place' theme[269], and is also informed by elements of Skillsmart Retail's Location Model, which reflects on the provision of:

- eating establishments;

[269] ATCM, KPIs for Town Centres, unpublished paper

- public toilets;
- public transport;
- public directions;
- cleanliness;
- improvement/renovation;
- tourist attractions;
- retail shops.

7.9 Key performance indicator: economic activity

An indicator of economic activity sits alongside the other three headline indicators to show the success of the high street as a commercial entity and to inform investment decisions.

Economic activity is not just shopping or retail turnover and value. It will include other high street business activities (solicitors or architects, for example) as well as the use of buildings for residential lettings and the existence of leisure trades such as pubs and clubs. An economic activity indicator would need to measure:

- consumer spend;
- non-retail business turnover;
- business sectors represented (including social enterprises);
- new investment and development activity.

There are likely to be better indicators of the full picture of high street activity than property-related indicators such as rental values and yields, or the number of vacant units (although these are useful in measuring demand for space). Importantly, a wider understanding of the local economy would be helpful in setting these data in context, in particular the ability to compare spend in-town with spend in out-of-town/edge-of-town centres in a local area.

7.10 Making the most of the information

The above suggestions should help those involved in managing high streets and town centres. But they should not be considered and treated in isolation from the other centres with which the subject high street/town centre competes. Some element of comparability is fundamental to a more developed understanding of the relative roles, strengths and weaknesses, and impacts on each other of such developments.

There is an important debate to be had about how such a set of indicators can be developed in a way that is both locally useful and nationally comparable. Not all local ambitions for high streets will be identical, so a benchmarking approach of comparable locations as pioneered by Action for Market Towns[270] may be more useful than the 'league table' approach used in the New Economics Foundation's work on clone towns or by some retail analysts.

While a national picture of high street performance will be useful to Government and to institutional investors, a set of indicators that can be weighted and determined locally is likely to be more helpful to local authorities, Chambers of Commerce and local communities.

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[270] Action for Market Towns, Market Town Benchmarking: Measuring the performance of town centres. 2010 National Report, 2011

A scoresheet or traffic light approach might be a helpful way forward. This would allow each high street to be judged according to local expressions of the headline indicators, while the headline findings could be aggregated nationally, indicating trends in footfall, diversity, satisfaction and economic activity.

Linked to these KPIs there is a strong case for more sophisticated approaches to defining strategies, objectives and targets for high streets based on a more collective business planning approach. Out-of-town centres/in-town shopping centres commonly have highly sophisticated mechanisms (as well as resources such as asset and property management teams) for understanding and addressing their catchment markets which are assembled and utilised on behalf of occupiers, and that in the high street this level of 'business planning' support simply does not exist – each business is pitching into a catchment market on which there is a variable level of understanding and data. There is perhaps a role for a more developed TCM function, overseen by the local authority with its wide understanding of the local economy and catchment, and embracing property owners, to facilitate the development of such business planning at the high street/town centre level, thus giving retailers and others the opportunity to compete more equitably.

Appendix I
Case studies

Introductory note

Our approach to the report has been to inform our reflections on the literature with widespread and in many cases detailed references to examples, set out in the text. We have also identified a number of case studies of particular aspects of the evidence – especially changes impacting on high street performance, and responses to them, which are set out below, as follows:

- Ludlow: summary of a successful market town
- Local loyalty: Caterham Shop Smart, Shop Local
- Kingston: town centre management development into Kingstonfirst BID
- Impact of Changes to Car Parking Charges, Swindon
- Ealing: summary of a BID responding to an out of town development
- BIDs in Cornwall: summary of a shared town centre management approach
- Meanwhile use: City Arcade, Coventry
- Erdington: summary of a town centre partnership developed through local authority intervention
- Wolverhampton City Centre Company: Vacant Unit Strategy

Ludlow: summary of a successful market town[271]

The Place
Ludlow is the largest town in the South Shropshire District. It has a Norman Castle, and a large number of listed buildings. While trading on its past to attract visitors year round, it is also striving to look to the future. In 2004 it was given funding by Advantage West Midlands to build a new eco-park on the edge of the town.

The Problem
As a small market town, Ludlow is endeavouring to balance the conflicting demands of the old and the new. Its heritage buildings are a key attraction, while the town's economy is being driven by its growing reputation for good food. Its problems are common to many. It has a historic street plan, and suffers from traffic congestion and unsightly parking. It recently faced strong pressure from Tesco which wished to open a new store in the town.

The Response
Ludlow has become famous as the gastronomic centre of Shropshire and won its first Michelin star in 1995. The ruined castle has become a venue for festivals, open-air theatrical performances and other events throughout the year. Several festivals are held a year, attracting visitors from across the country, including the main Ludlow Festival, held in the last week of June/first week of July.

It became Britain's first Cittàslow town in 2004. (Joined later by Aylsham, Diss, Mold, Perth and Berwick-upon-Tweed). Unlike slow food, which is open to individuals, Cittaslow is open to towns with populations under 50,000. It has led the slow food movement in this country which has resulted in restaurateurs, artists and craftspeople moving into the area and setting up new businesses. Regular markets are operated throughout the year on Mondays, Wednesdays, Fridays and Saturdays, in addition to crafts, antique, garden and European markets.

Ludlow hosts an annual Green Fair. The district council organised an Environmental Building Conference as part of the 2007 event, aimed at exploring sustainable building practices through the use of local examples. A straw bale house built by community groups remains in the town centre.

Ludlow Town Council has worked with county and district councils to improve Ludlow town centre, gaining funding through the Market Towns Initiative and the Ludlow Marches Partnership. Measures taken include; improving access by public transport, cycling and walking, making historic streets as attractive as possible, improving pedestrian access between east and west across the town and introducing 20mph speed limits and pedestrian dominance.

The guiding principle for the design ethos was 'simplicity of form and layout, retention of the varied palette of historic surface materials where they survived, and the use of high quality natural materials on the pavements'. The transport plan for Ludlow dealt with the neglect of the Market Square, which had suffered from informally parked cars, and buses and coaches parked with engines running. The buses and coaches were moved out, and a residents parking scheme introduced. The council managed to 'stick to its guns', despite public opposition to the loss of parking.

The Outcome
This case study shows how a small community can create its own niche through maximising the potential for tourism, whilst striving to create an attractive streetscape for visitors and locals alike to enjoy. This success resulted in it being voted a Great Town in 2010's Academy of Urbanism Awards.

[271] Rudi-Net, Knowledge sharing and networking for professionals & academics in urban development, 2011

A Tesco finally opened after 10 years of negotiation, and is now cited by CABE as a good example of a building in context. After two earlier planning applications were refused, the third, designed by architect Richard MacCormac was finally given the go ahead. The innovative technology involved in the lighting and ventilation systems has helped to reduce the impact of the building, and its sweeping roof was designed to mirror the curve of the natural environment.

Local loyalty: Caterham Shop Smart, Shop Local

The place

Caterham in Surrey is a fairly affluent commuter-belt town, but constrained by a hilly site and by the proximity of large shopping centres, with Croydon seven miles to the north and Redhill to the west. In terms of our high street typology, although Caterham is a clearly defined town within the outer London green belt, it shows the same characteristics as a suburban service centre serving local residents. Caterham has two distinct 'centres' known as the Hill and the Valley.

The problem

Caterham town centre was in decline during much of the 1980s. The local authority, Tandridge District Council, helped to facilitate a major redevelopment including a supermarket, 21 shop units and a 550-space car park, which opened in 1989. Nevertheless there have been concerns about the poor physical environment, traffic congestion and lack of community facilities. Rapid expansion and development of retail space in Croydon and other nearby towns, and easy access along the M25 to Bluewater, provide intense competition for local shops. In 2007 more than 11 per cent of the 274 shop units in Caterham were vacant.

The response

In February 2009 a town meeting was held to decide how to support local retailers, with a focus on developing a local loyalty scheme. The initiative was developed by the Caterham Business Partnership and community organisation ABC (A Better Caterham) to strengthen the town as a place to live, work and trade. It is supported by local businesses, Surrey County Council, Tandridge District Council and the town's two parish councils.

A range of options were considered, based on examples of loyalty schemes developed elsewhere, and it was eventually decided to create a membership scheme, with plastic cards entitling holders to discounts and offers. A similar scheme covering four towns in the Forest of Dean had been shown to increase footfall by 20 per cent. Smartcard technology was ruled out because of the potential cost.

Through ABC, funding was obtained to develop the scheme from SEEDA (South East England Development Agency) and South East Towns Rural Partnership. A website and directory have been created and anyone can apply for a card, either via the website or in participating shops. The scheme was launched in August 2009.

The outcome

More than 50 shops are now participating and more than 2,000 local residents have joined Shop Smart. Shops that belong to the scheme have been able to access advice and training from consultants, and there are plans to launch a prize draw for members who make 12 or more visits to participating shops.

Perhaps the most interesting result is the catalytic effect the campaign has had in prompting other forms of action within the town centre. A 'Shabby to Smart' campaign succeeded in removing street clutter and relieving traffic congestion and providing new benches and planters to make the area more welcoming.

ABC has launched a campaign to revive the 100-year-old Soper Hall as a community hub, hosting a library and local services and owned by the community. A group has also been formed to create a neighbourhood plan for the town.

Kingston: town centre management development into Kingstonfirst BID[272]

The Place

Kingston is both a vibrant Surrey market town and one of the more frequented Royal London Boroughs. It is sited on the banks of the River Thames 12 miles south west of the centre of London and has a population of some 150,000, swelled in term-time by 20,000 students from the Kingston University and Kingston College. An attractive blend of timber-framed Tudor buildings with modern stores and homes, Kingston has a good range of shopping, a colourful café culture, an arts scene and a popular nightlife. On average, over 300,000 visitors come to the town each week, attracted by the variety of shops, restaurants and leisure facilities.

The mix of historic themed markets, street activities together with the contemporary retail outlets and blend of cafés, bars and restaurants have made Kingston City centre a popular regional shopping and entertainment destination. Kingston's market town feel is preserved in interesting side streets, market square and river walkways. More recently the riverside development has expanded Kingston's traditional cultural centre around the ancient market place and church, bringing to the town the Rose Theatre, restaurants, specialist retailers and quality residential accommodation.

From 1985 to 2000 Kingston experienced good growth. Developments such as The Bentall Centre, the Bentalls and John Lewis departmental stores and a pedestrianisation scheme helped to make it one of the largest centres for shopping, leisure and entertainment in the south-east, attracting over 18 million visitors every year.

The Problem

In 2000 the year-on-year growth came to an end. Daytime visitor numbers after 1998 steadily declined despite new developments such as Charter Quay, Sainsbury's and The Rotunda. At the end of 2004, Kingston had fallen from 12th to 17th place in the Experian UK City centre super league and had lost over 1 million visitors. Research showed that services no longer met the expectations of visitors, residents, staff and the business community itself. It was in response to this that a BID was proposed.

The Response

Kingston's existing city centre partnership formed as a 'company limited by guarantee' in 1999. This move forward developed from the Council led city centre management function which had operated successfully in Kingston for a number of years. The new organisation was charged with enhancing and sustaining Kingston's vitality and viability. Initially it benefited from 9 business members working with the local Council and an operational budget of approximately £100,000; this set against traditional activities such as crime initiatives, Christmas lights and general promotion. As a result of the groups early energy the operational budget/spend rose to £200,000.

The partnership's next objective was to increase the organisation's membership, specifically to embrace a greater percentage of the retail community within the company. It was at this stage that it was felt embracing formal BID status would deliver added value. The membership objective of greater business participation could be achieved together with one of financial sustainability. In 2004 the KTCM Ltd's Memorandum and Articles of Association were amended to include the provision for sponsoring, promoting, establishing and operating Business Improvement Districts.

The KTCM Ltd business plan had identified the development of a BID as the logical progression from the existing voluntary partnership approach to city centre management. Kingstonfirst, its trading name, sought to contribute additional cleansing, security and marketing initiatives to the city centre seeking to help Kingston become more

[272] GJR Consulting 2009

commercially successful and attractive to visit. Kingstonfirst set out to work in partnership with Kingston Council and produce a baseline agreement to help maintain and improve general standards over the initial 5 year tenure of the BID.

A 1% levy on every business's rateable value produced approximately £4 million in ring-fenced BID funding over the 5 year period which represented a material increase in the existing levels of funding available.

The Outcome
The Kingston BID was confirmed in 2004 with a turn-out of 37%. The proposal was supported by 66% of businesses by number which represented 66% of the rateable value in the BID area. The BID levy raises a budget of £880,000 per year with an additional £140,000 secured from alternative sources. It the first of its kind in the UK following the enabling legislation and accompanying regulations set out in the Local Government Act in 2003/4.

The BID Company, KTCM Ltd, (the City centre Management Organisation) developed from a sound platform of city centre management led primarily by the local Council. This leadership over time developed a partnership initiative with key members of the retailing community which subsequently resulted in an independent company and BID being set up. The Kingston experience shows both the importance of an existing partnership, which can demonstrate a track record of delivery prior to setting out to develop a BID, and the leadership and funding required from the public agencies to make a general aspiration become a reality.

KTCM Ltd has illustrated the important role an energetic and committed city centre manager/BID manager plays in the development of a sustainable business model. This ingredient was assisted by having a number of business leaders who were prepared to invest their time and commitment into the initiative.

Ultimately BIDs must be business led by their very definition and without a handful of champions to drive the process forward the integrity of any future organisation that may be created, is compromised. The BID, having operated effectively during its first 5 year mandate, successfully sustained itself by way of a renewal ballot in 2009.

Impact of Changes to Car Parking Charges, Swindon

The place

Swindon is a town of some 175,000 people, situated at the heart of the M4 corridor and with excellent transport links. While comparatively prosperous, with some pockets of deprivation. One of the Council's strategic objectives in its Spatial Vision is that "by 2026 Swindon town centre will have achieved growth in retail activity commensurate with the anticipated size of Swindon. A range of shopping facilities will be provided at district and local centres to serve the needs of existing and future residents."[273]

Although Swindon has a Business Improvement District, inSwindon, they are not explicitly referenced in the documentation that has formed the basis of this case study.

In terms of our typology, Swindon acts as a multi-dimensional town centre serving primarily a sub-regional market.

The problem

Retailers in Swindon town centre expressed concerns about the impact car parking charges might be having on footfall and turnover in the context of the recession.

The response

In June 2010 the Council took decisive action to help rebuild confidence in Swindon town centre by reducing short stay car parking charges in the three premium rate 'pay on foot' multi-storey car parks and all car parks in Old Town for the period to 31st July 2011. The Council regarded this as a calculated risk justified by its civic leadership role.

The Council approved the implementation of a reduction in tariffs across three town centre car parks, as well as a complementary variation in tariff for all car parks in Swindon's Old Town. The objectives of the reduction in tariff were to encourage more people into Swindon town centre and Old Town, and increase the length of stay of shoppers (dwell time).

The outcome

Importantly, the Council undertook detailed monitoring and evaluation of the scheme, using quantitative data relating to car parking usage and footfall (up by 8.17% against a national fall of 2.2%), and qualitative data from retailers on retail performance.

General feedback on retail performance gathered through surveys was overwhelmingly positive from both retailers and customers, with many anecdotal comments on increased dwell time and spend, brought about by the revised charging structure which encouraged a 4 hour stay. The Council also reported that interest in letting units was also reported to be on the increase. It was anticipated that two more units were on the verge of being let to national operators previously not interested in Swindon

Data revealed that whilst the reduction in tariff had not increased the overall volume of cars in all car parks in the town centre they are probably staying longer – resulting in the positive changes to footfall and performance.

Sensibly, the evaluation also took into account other factors that might have had an impact on the scheme, including new development/store openings, and public realm improvements. The Council also considered the costs of the scheme, which were anticipated to result in a reduction of car parking income by £0.5m in the financial year. Despite this, the Council made the changes permanent, subject to a normal annual review process.

[273] Swindon Borough Core Strategy and Development Management Policies 2026 – Swindon: Planning for our Future, Revised Proposed Submission Document, 2011, p.19

Ealing: summary of a BID responding to an out of town development

The Place
The London Borough of Ealing was formed in 1965 by the merging of the Municipal Boroughs of Ealing, Southall and Acton. Ealing city centre itself is one of West London's principle retail destinations. It benefits from a number of distinct advantages relating to location, accessibility, quality of the existing townscape, the presence of a large resident population within walking distance and the availability of land for development.

The problem
In recent years the town has faced increasing competition from existing centres such as Richmond, Kingston and Brent Cross and the new major development at White City, Westfield, London. A recently compiled spatial development framework study commissioned by Ealing Council indicated that without new investment these destinations had the potential to seriously impact Ealing city centre's retail offer and catchment; that without investment Ealing would continue to lose shoppers to larger schemes in the West London area.

It also experienced a number of perceived weaknesses. The range and quality of retail, leisure, arts and community facilities, the quality of the pedestrian environment, high levels of traffic congestion and a lack of clear identity and image. Such negative factors have begun to constrain and undermine the growth and viability of the city centre and prevent it from fulfilling its potential.

The Response
In response, the business community together with the Council recognised that if Ealing was to retain its competitive position and realise its potential, it could not afford to stand still. Effective policies and programmes of action were needed to address its threats and weaknesses. Improvement to the quality of the street environment was required to make the retail centre a more desirable and attractive place to shop, work and visit.

Ealing's city centre management function operated for a number of years prior to the development of the BID. The Ealing Centre Partnership employed a city centre manager who undertook the role of co-ordinating city centre activity and worked with the business community to increase the vitality of the shopping destination. As with many schemes, funding was an issue, with many occupiers unable to commit funds to the town's promotion and ongoing development. Financially the city centre management was supported by the Council and a smaller number of larger businesses.

In addition to the financial issue it was felt the Ealing Centre Partnership would benefit from the transition to a BID as it would provide the business community with a stronger say in the area, provide increased resource to drive footfall and help deliver a better environment for those that worked in the area. The Partnership identified six distinctive issues which threatened the town's future success and wellbeing, and pointed towards a more formal representative business organisation being set up:

- greater consumer expectations; Ealing required a fresh and appropriate mix of retail and office facilities if it was to retain the loyalty of its local catchment;
- stronger competition; new and re-developed centres at White City, Uxbridge and Brent Cross were likely to provide compelling alternatives to Ealing and the centres of Kingston and Hammersmith were already on the road to creating a BID and securing ongoing funding streams;
- maintaining its status as an employment centre; with improvements in public transportation Ealing had a great opportunity to support its existing office community and make its office stock more attractive to new occupiers and investors;

- a deteriorating street environment; Ealing's streets had fallen behind modern public expectations, improvement and maintenance was needed;
- stimulating the evening economy; delivering the right mix of eating establishments and leisure attractions, in a safe environment, would encourage extended retail opening and attract people into the early evening;
- commercial reality; investment was essential to avoid the town losing its position in the hierarchy of retail centres.

Once the decision had been taken to pursue a BID, the partnership set out a number of programmes during the lead up to the ballot campaign that the future organisation would be able to build upon. This helped to demonstrate progress and gain the confidence of the wider business community behind the BID proposal. These initiatives included; a city centre ranger, new city centre lighting scheme, footfall monitoring, a festive lighting programme, a programme of graffiti removal, improved CCTV coverage and an events programme.

The Outcome

The Ealing Broadway BID was confirmed in March 2006 with a turn-out of 51%. The proposal was supported by 65% of businesses by number which represented 64% of the rateable value in the BID area. The BID levy raises a budget of £330,000 per year with an additional £120,000 secured from alternative sources. It was successfully renewed in 2011. The decision on a second term proving a difficult proposition for many businesses as the town struggled with the effect of Westfield, London and affordability issues intensify in the current economic climate. A view was taken perhaps that it may be just the time to drive business development initiatives and invest into the BID. The BID was renewed in 2011.

The BID's work is directly overseen by a 15 strong Board which meets monthly. The Board is drawn from the business community, both occupier's and property owners, the Council, the Metropolitan Police and education sector. Four themed groups meet to discuss and agree specific aspects of the operational programme; Active Ealing, Cleaner Ealing, Safer Ealing and Accessible Ealing.

BIDs in Cornwall: summary of a shared town centre management approach[274][275]

The Place
In 2009 Cornwall became a Unitary Authority; prior to that it had six district councils. The only one of the six districts that invested in Town Centre Management (TCM) was Restormel Borough Council which decided it would have a council-employed TCM in its two main towns of Newquay and St Austell. This continued post unitary authority until more recently it was felt there was a need to support Town Centres across the whole of the county, and not just in two towns. Cornwall's town centres are disparately spread. Many are quite remote and serve a local population who are heavily dependent on their local town centre, given the issues of rural transport and accessibility. Preserving the viability of these town centres is vital.

The Problem
Many of the town centres across Cornwall are too small to warrant a full time TCM, or they are too small to realise sufficient funds to be an effective Business Improvement District (BID), but nonetheless need direct support in delivering solutions for their high street. This is becoming an ever more vital need in the current economic climate.

There is a need for a Local Authority led strategic approach to supporting the "high street" and town centres in Cornwall, which helps co-ordinate support mechanisms and solutions for town centres whilst also providing a more co-ordinated "toolkit" for local communities to deliver their own solutions.

There is a need to create economies of scale in delivering TCM support and solutions by removing "silo-mentality" and working collectively – recognising that the solutions to the high street are complex and multi-faceted – and are the responsibility of many partners.

The Response
Cornwall Council has established a region-wide TCM role aimed and supporting town centres, town centre management and business support. It is delivering this in partnership with local TCMs and BIDs as well as town councils and economic forums. Cornwall Council's TCM support focuses on a number of key aspects:

- supporting/creating local capacity in town centres to deliver TCM solutions;
- creating a Town Centre "toolkit" of support TCM solutions;
- establishing strong working links internally at Cornwall Council to ensure town centre issues are recognised and considered in the policy/decision making processes and that there is a strategic approach to town centre needs across Cornwall. Co-ordinating a more collective approach between Planning, Economic Development, Environment & Transport, Community Intelligence and Neighbourhood functions within Cornwall Council in terms of the high street and town centres;
- co-ordinating better links externally with Local Enterprise Partnership (LEP), Cornwall Development Company (CDC), Federation of Small Businesses (FSB), Cornwall Chambers of Commerce, Training & Education Providers, and other trade support bodies to ensure a co-ordinated approach and to ensure the town centres are given proper exposure to these support functions;
- supporting the set up of Business Improvement Districts.

The Outcome

[274] BIDs – An opportunity for business in Cornwall
[275] Cornwall Council 2011

The Local Authority has facilitated a number of "external" TCMs and three BIDs in the last few years, Truro, Falmouth and Newquay (it is currently working up two more BIDs). It has assisted the development of the BID schemes by providing a staffing and budgetary resource to facilitate the process from inception to the BID ballot, working closely with a private sector led steering group.

The BIDs operational and generating their own income through the BID levy, each private sector limited BID company has appointed its own staff, responsible to a private sector Board to deliver the BID in accordance with the agreed business proposal. Cornwall Council has maintained a resource to assist with BID development, as part of a rolling programme, in locations where there is a private sector will and a need to develop a BID and where the money generated will make a worthwhile difference to businesses trading in those areas. BID programmes have included:

Truro (2007-2012)
Events delivered so far include an annual Christmas festival (with up to 25,000 visitors on its opening night), music festival, arts festival and an entertainment initiative called 'Hang on Fridays'. New city website established (enjoytruro.co.uk) with every business now on-line and leisure guides published to include a gourmet guide and shopping guide.

Falmouth (2009-2014)
Events delivered so far include the launch of a four day Christmas Festival and events guide and an entertainment initiative run in conjunction with 'Pubs United' around The Moor to host a programme of exciting activities during The Oyster Festival. A 3 dimensional map and guide has been published and distributed and new benches have been installed in the town.

Newquay (2010-2015)
Initiatives include the delivery of Newquay Safe projects - a multi-agency partnership tackling issues of anti-social behaviour and managing the night time economy. Newquay Safe has won awards from the Home Office for its partnership and its results and some of the projects are now being adopted in other areas nationally.

Meanwhile use: City Arcade, Coventry

The place

City Arcade, Coventry, is a covered space made up mainly of small units and sited at the edge of the city centre. Coventry's centre serves a sub-regional function, and includes West Orchards, an indoor centre with 40 retail outlets and a food court which opened in 1991. The landlord is Coventry City Council.

The problem

City Arcade is on the far side of the town centre from West Orchards and has suffered high levels of vacancies and a similar lack of footfall to that experienced in the peripheries of other town centres such as Reading. The remaining shops are mostly independent or branches of specialist chains. The city council has suffered a loss of rental income because of the number of empty units.

The response

Coventry Artspace, acting as arts development team for Coventry City Council and working closely with the council's property team, brought together a range of partners to manage a number of spaces in City Arcade in 2009. The project was designed as a short-term experiment in 'meanwhile' use of vacant units.

Visual arts projects were first to colonise the space, and these include the gallery space Unit One, the innovative public studio I Love, Artspace Bursaries project which has used two units, and the curated Castle & Elephant gallery. The projects included the 'world's smallest cinema', seating just four people.

Performing arts found a home in City Arcade alongside the visual arts spaces. Theatre Absolute, founded in 1992 and led by writer Chris O'Connell and producer Julia Negus, occupied an empty fish and chip restaurant to use as a small scale 'shop front theatre' based on a model from the USA. The venue opened in December 09 with a rehearsed reading of Theatre Absolute's 'Car'.

'The Bubblechamber' was a project run by Mercurial Arts, primarily a dance company who make extensive use of new media and technology. They used a large empty shop with a series of very different spaces for workshops, classes, multi-media installations and performances.

Both Theatre Absolute and Mercurial Arts used their spaces to generate new productions at a far lower cost than if they were to take a traditional route and use rehearsal rooms, theatre space and a full-scale production.

The outcome

As well as increasing footfall, the projects generated national media coverage, including a Radio 4 magazine feature, and been recognised by specialist journals and magazines. Castle & Elephant, intended as a one-month programme of exhibitions and screenings, ran for more than a year. Overall, the mix of projects, and additional short-term use of other units by groups such as the Scouts, resulted in additional footfall in City Arcade and may have identified a long-term branding and mix of use for the space, creating an adaptable arts centre based in empty shops.

Because of the short-term and low-budget nature of the work there was no full evaluation of the project. However it was judged a success by council officers, and in October 2010 the local authority agreed to develop a formal strategy to animate, use and manage temporary void spaces owned or managed by the city council.

Erdington: summary of a town centre partnership developed through local authority intervention[276]

The Place

Erdington is sited approximately four miles from the city centre serving the suburbs to the north-eastern side of Birmingham. The area is largely residential, with 25,000 people living in proximity of the town centre. The High Street includes many independent retailers including those in a shopping mall, two old market halls and a small shopping precinct. Though Erdington is primarily a shopping centre there is a wider mix of businesses which employ around 9,000 people.

The problem

The town centre was in need of self promotion with declining levels of footfall and an uneven distribution of 'attractions' for visitors. Apart from finance and property businesses, the southern end of the High Street is mainly comprised of independent businesses and often struggles to attract investors and visitors. Given the impact that crime was having on traders and shoppers, the initial priority was to implement a CCTV camera scheme on the High Street.

The response

The Erdington Town Centre Partnership (ETCP), formerly the Erdington Traders Association, was established in 2001 through the support of Birmingham City Council and formalised as a 'Limited Company by Guarantee' in 2002 with a view of making the town centre a cleaner and safer place to shop, live and work. By 2003, through the support of Birmingham City Council, a full time TCM was appointed to co-ordinate the needs of town centre users and to work more closely with local businesses. An initial core group assisted by the TCM developed a vision, strategy and objectives for the Partnership and lobbied on behalf of the town centre for environmental and regenerative improvements. By 2004 ETCP had become well known amongst the local community and was granted a small amount of development funding from both the Neighbourhood Renewal Fund and Birmingham Chamber of Commerce. This enabled a small core team to continue working on engaging key stakeholders including: local services; local community groups; the local authority; local councillors and a range of community and commercial businesses, offering a broad spectrum of views.

In 2005 the Partnership began the formal process of developing a Business Improvement District (BID) application through the engagement of a facilitator – again stretching the very small pot of funding. By 2006, invited to sit at the table of the Neighbourhood Forum, Erdington Regeneration Forum and Ward Committee meetings, ETCP had become the business and community regeneration consultative forum for the local authority.

In 2007, Erdington became the first Local Centre in the country to become a BID.

The outcome

As the success of the newly introduced CCTV was recognised and, motivated by the desire to reduce crime and improve the environment, monthly members meetings evolved to discuss and resolve town centre issues. An active 'Radio Link' scheme was launched with training and support being provided through the Partnership. From a marketing perspective an events programme was developed bolstered by the success of the first 'St Patrick's Day Celebration' in 2003 (which now brings approximately 8,000 people into Erdington). The event calendar has now grown to include 'St George's Day in Erdington' (bringing in approximately 5,000 people) and 'Christmas in Erdington' (bringing in approximately 3,000 people). In addition, the pedestrianised area, within the vicinity of the village green, is regularly made available to local charitable and community organisations

[276] Managing Town Centre Partnership, Communities and Local Government

allowing them prime space in which to promote and market their services from a variety of stands, stalls and parked buses.

In the summer of 2004 ETCP launched its first bi-annual, full colour, glossy shoppers' magazine for Erdington, aptly named the 'B23' (the postcode for the High Street). Initially the magazine was heavily subsidised by Birmingham City Council but pulled in sponsorship and advertising support from businesses. The objective of the magazine was to promote Erdington as a vibrant urban village. It carried stories from the Partnership, was distributed to the surrounding residential area and also made available in public places such as the library and college. The Partnership's mission statement is to make Erdington a better place to 'Shop, Live and Work' and the 3D 'sky-map' has done more to provide a sense of belonging to Erdington stakeholders than any two-dimensional ordnance survey style map. The sky-map has sat at the very heart of communicating whom the Partnership represents and the area that it covers. It continues to be a central marketing tool that permeates throughout all of the Partnership's marketing materials.

Whilst staffing the celebratory event days it became apparent that visitors assumed they were delivered purely by the local authority. ETCP realised they needed to promote the Partnership in order to gain recognition for the effort invested and thus the brand identity was developed. This has been used on newsletters, postcards, calendars, pull-up banners, balloons, badges, membership window-stickers, a monthly business magazine and more recently, branded shopping bags and a promotional DVD. The ultimate recognition has now been achieved through recent work with the local constituency to develop a three-dimensional cube that now adorns the top of all the town centre signposting as part of Erdington's on-going 'Town Centre Blueprint' development programme.

Wolverhampton City Centre Company: Vacant Unit Strategy[277]

The Place
Wolverhampton is a city and metropolitan borough in the West Midlands. The city grew initially as a market town with specialism within the woollen trade. Traditionally, Wolverhampton's economy has been dominated by engineering and manufacturing industries. Today, the major industries within the city are engineering based and within the service sector which represents 74.9% of the city's employment. Wolverhampton is one of the major retail centres in the West Midlands Region, being placed at fourth largest in 2006, with an annual turnover of £384 million. It is expected to become the second largest retail centre within the region by 2015

The Problem
December 2008 saw the highest vacancy rate across the UK since records began with around 135,000 empty shops including high profile retailers like Woolworths. With the economic downturn continuing to take its toll on the retail sector during 2009 and 2010 there was considerable media and public interest in the effect on UK high streets. Vacant units signal decline, can become hotspots for fly posting, vandalism and graffiti and can give the appearance of a 'ghost town'. In April 2009, the Department for Communities and Local Government (DCLG) released a report called 'Looking after our Town Centres' containing tips, resources and case studies to improve the appearance of empty shops.

The problem of empty shops was exacerbated in Wolverhampton City Centre by the delay of the Summer Row project, a massive retail development. This meant that during 2009/10 Wolverhampton regularly came top of the list of cities with over 20% of empty shops. This resulted in a lot of negative publicity both locally and nationally. Excluding the shops in the redevelopment area, many of which cannot be opened up, the true rate of empty shops in the core retail area remains around the national average ranging from 15-10% over the years 2008 to 2010, but the appearance of empty shops has a negative effect on perceptions.

The Response
After the DCLG released the 'Empty Shops' fund in 2008, Wolverhampton was one of 107 cities to receive a £52,000 grant to deal with empty shops. In 2009 the Wolverhampton City Centre Company (WCCC), a not-for-profit organisation which draws the public and private sector together, developed a Vacant Unit Strategy. This started with a comprehensive audit of all empty properties and the compiling of a database with descriptions, photographs and details of owners and agents. Armed with information about properties, owners and opportunities this strategy was boosted by the DCLG grant.

WCCC managed this project on behalf of Wolverhampton City Council and used its expertise and contacts to look at a range of projects to open up units and 'dress' shop windows. Its Best Practice Guide sets out how empty shops were tackled in Wolverhampton through a series of case studies. It contains learning points, contacts and ideas to encourage others to make best use of resources, relationships and opportunities to improve the appearance of empty shops.

The Outcome
In Wolverhampton around a third of all the empty shops were improved and a more positive perception created with local traders, who could see something happening, shoppers and the media. The involvement of the community led to a greater level of awareness of the opportunities of vacant shops and there is now a high demand with waiting lists for some units. Whilst the DCLG funding has now finished WCCC, and its

[277] Utilising Empty Shops, Best Practice Guide, Wolverhampton City Centre Company,

partners in the private sector, now have the experience, knowledge and willingness to continue to make the most of empty properties.

This publication is also available on our website at www.bis.gov.uk

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