

# The Portas Review

An independent review into the future of our high streets

Mary Portas  
December 2011

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# Foreword

Seven months ago I was asked by the Prime Minister and the Deputy Prime Minister to conduct an independent review into the state of our high streets and town centres.

I took on this challenge, in full knowledge that it would be complicated and controversial, for one simple reason – I believe that our high streets have reached a crisis point. I believe that unless urgent action is taken much of Britain will lose, irretrievably, something that is fundamental to our society. Something that has real social and well as economic worth to our communities and that after many years of erosion, neglect and mismanagement, something I felt was destined to disappear forever.

I would like to state right from the start that this report is not about pointing fingers of blame. Whilst I do believe that there are many compelling instances when out-of-town retail has drained the traffic and retail offer from our town centres, it would be naïve and far too easy to simply think that they are to blame for the decline of our high streets. The fact is that the major supermarkets and malls have delivered highly convenient, needs-based retailing, which serves today's consumers well. Sadly the high streets didn't adapt as quickly or as well. Now they need to.

I would also like to say that my report is not about nostalgia; nor is it a sentimental plea to nurture and protect small shopkeepers above all else. The days of a high street populated simply by independent butchers, bakers and candlestick makers are, except in the most exceptional circumstances, over.

How we shop as a nation has quite simply changed beyond recognition. Forever.

The phenomenal growth of online retailing, the rise of mobile retailing, the speed and sophistication of the major national and international retailers, the epic and immersive experiences offered by today's new breed of shopping mall, combined with a crippling recession, have all conspired to change today's retail landscape. New benchmarks have been forged against which our high streets are now being judged. New expectations have been created in terms of value, service, entertainment and experience against which the average high street has in many cases simply failed to deliver. These reasons alone conspire to create a new shopper mindset which cannot and should not be reversed.

The only hope our high streets have of surviving in the future is to recognise what's happened and deliver something new.

High streets are the heart of towns and communities. They have been for centuries. People are passionate about high streets. They may have different views on what's wrong and what's right, but I don't believe anyone can put their hand on their heart and say they don't care.

With town centre vacancy rates doubling over the last two years and total consumer spend away from our high streets now over 50%, the need to take action has never been clearer. Although some high streets are thriving, most have a fight on their hands. Many are sickly, others are on the critical list and some are now dead. We cannot and should not attempt to save every high street but my findings have led me to believe that unless urgent action is taken, the casualties will only continue to multiply.

Fundamentally I believe that our high streets are uniquely placed to deliver something new. I believe that our high streets can be lively, dynamic, exciting and social places that give a sense of belonging and trust to a community. A sense of belonging which, as the recent riots clearly demonstrated, has been eroded and in some instances eradicated. I also fundamentally believe that **once we invest in and create social capital in the heart of our communities, the economic capital will follow.**

This review sets out what I think has led to the decline of our high streets, my vision for the future and the key things I believe we need to put in place to deliver that vision.

Importantly, my vision aims to find and nurture tomorrow's innovators and ideas that will create the new sustainable high streets of the future, seizing the opportunity that the current crisis presents and putting the mechanics in place to allow new talent to flourish.

This report is the culmination of more than six months' work on top of a lifetime of commitment to British retailing. This isn't just a job to me. I know retail, I understand consumers. I've worked in retailing for 30 years. But I've never had to look at the high street in this way before.

When I started my work on the review, I ploughed through a huge pile of previous reports about high streets and town centres and found so many good ideas which have simply sat on the shelf. Pretty soon I realised why. What I discovered is the complexity and diversity of the problems faced by high streets. And I've learnt just how much of a complex web of interests and stakeholders are involved, many of whom have simply failed to collaborate or compromise. The end result in many cases is an asset we no longer respect, need, want or aspire to have.

I have visited many high streets to see what the situation is for myself, listened to the concerns and ideas of local people and their councils, met with organisations and associations, large and small retailers and their landlords. I've also had more than 2,000 online comments, as well as all the submissions and papers sent in as a direct response to the review. I have realised that any solution cannot be one size fits all.

I've also realised that whilst it's entirely natural to pick away at particular problems – to complain about the success of the supermarkets, bemoan the lack of parking, fight the inadequacies in the planning system and appeal to landlords to look to the long term – my review must crucially inspire people to seize the opportunity to innovate and embrace the change that's necessary.

The problems facing our high streets are complicated and sometimes overwhelming but it's also not impossible – and I believe we can turn things around. In just seven short months I have seen how so much more can be achieved by communication, collaboration and compromise. The more people I have seen and spoken to, the more I realise that there is a massive appetite out there among people and organisations to get their hands dirty and fight for their high streets. To help them be the best they can be.

This may sound hopelessly idealistic. But those who see high streets purely as a commercial retail mix need to think again.

To free up the high street from constraint, to level the playing field, to mobilise landlords and give the consumer a voice in the process I have set out a number of practical recommendations which I believe will give the high street a fighting chance.

I have also set out my concerns and solutions for the ongoing management of our town centres – if our high streets are to have a role tomorrow, then we will need to ensure their management is a match for the sophisticated alternatives.

I hope to inspire the readers of my review with another vision of tomorrow and have suggested a process by which this vision could be tested and piloted across the country. A process in which I would be fully engaged with the time I have available.

But most importantly, if my review is the catalyst for change, encouraging shopkeepers, landlords, local councils and consumers to engage with an alternative, more optimistic vision of tomorrow, where everyone benefits, then it will have been worthwhile.

A handwritten signature in black ink that reads "Mary Portas". The signature is written in a cursive, flowing style with a large initial 'M'.

Mary Portas

# Summary of recommendations

1. Put in place a “Town Team”: a visionary, strategic and strong operational management team for high streets
2. Empower successful Business Improvement Districts to take on more responsibilities and powers and become “Super-BIDs”
3. Legislate to allow landlords to become high street investors by contributing to their Business Improvement District
4. Establish a new “National Market Day” where budding shopkeepers can try their hand at operating a low-cost retail business
5. Make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not
6. Government should consider whether business rates can better support small businesses and independent retailers
7. Local authorities should use their new discretionary powers to give business rate concessions to new local businesses
8. Make business rates work for business by reviewing the use of the RPI with a view to changing the calculation to CPI
9. Local areas should implement free controlled parking schemes that work for their town centres and we should have a new parking league table
10. Town Teams should focus on making high streets accessible, attractive and safe
11. Government should include high street deregulation as part of their ongoing work on freeing up red tape
12. Address the restrictive aspects of the ‘Use Class’ system to make it easier to change the uses of key properties on the high street
13. Put betting shops into a separate ‘Use Class’ of their own

14. Make explicit a presumption in favour of town centre development in the wording of the National Planning Policy Framework
15. Introduce Secretary of State “exceptional sign off” for all new out-of-town developments and require all large new developments to have an “affordable shops” quota
16. Large retailers should support and mentor local businesses and independent retailers
17. Retailers should report on their support of local high streets in their annual report
18. Encourage a contract of care between landlords and their commercial tenants by promoting the leasing code and supporting the use of lease structures other than upward only rent reviews, especially for small businesses
19. Explore further disincentives to prevent landlords from leaving units vacant
20. Banks who own empty property on the high street should either administer these assets well or be required to sell them
21. Local authorities should make more proactive use of Compulsory Purchase Order powers to encourage the redevelopment of key high street retail space
22. Empower local authorities to step in when landlords are negligent with new “Empty Shop Management Orders”
23. Introduce a public register of high street landlords
24. Run a high profile campaign to get people involved in Neighbourhood Plans
25. Promote the inclusion of the High Street in Neighbourhood Plans
26. Developers should make a financial contribution to ensure that the local community has a strong voice in the planning system
27. Support imaginative community use of empty properties through Community Right to Buy, Meanwhile Use and a new “Community Right to Try”
28. Run a number of High Street Pilots to test proof of concept

# Introduction

The problems of high streets and town centres are well known and well recognised. There's a wealth of knowledge which describes them, a wealth of associations aimed at protecting them and a wealth of opinions on how the problems should be resolved. But of the reviews I have read, and the stakeholders I have met, too few really dig into the fundamental changes in how we shop and how retailers large and small are now viewing and engaging with the high street as a route to market.

My review has shown me that much of what we do know about high streets is stored within professional silos and relates specifically to particular stakeholders. The information lies stagnating and festering somewhere, and whilst there has been an awful lot of thinking about the high street most of it has been done in isolation rarely backed by any kind of creative vision.

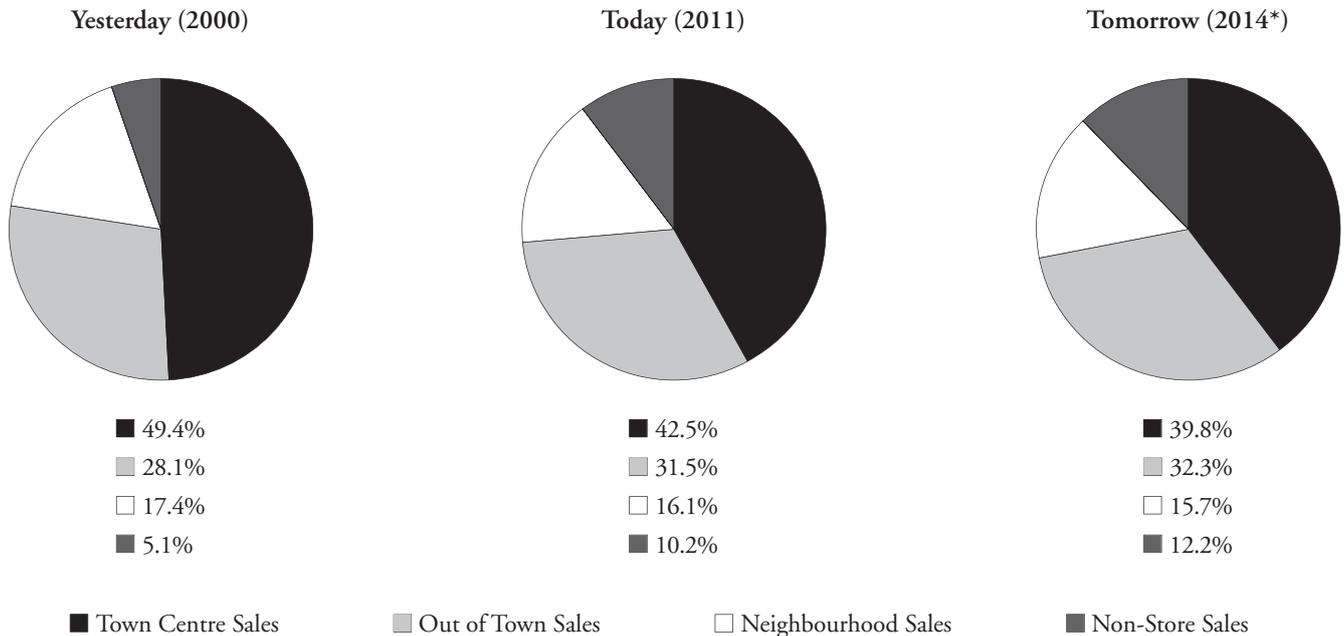
## **Boom to bust**

Research published alongside this review really digs into the reasons why we have seen such decline of our high streets, and makes an attempt to bring what information is available together in one place.<sup>1</sup>

It's clear that retail spending on the high street is falling and this trend is set to continue.

<sup>1</sup> Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

**Figure 1: Less than half of our retail spending is on the high street and this figure is falling**



**Spending by Location, 2000 vs 2011 vs 2014**

Source: Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*. Citing Verdict Research (2011) *UK Town Centre Retailing* and (2010) *Out of Town Retailing*. \*Estimated

Clearly the recession has had a big impact. Over the past few decades we have enjoyed a boom in retail and property values, fuelled by easy credit and rising standards of living. Many high streets enjoyed something of a revival and retailers seized the opportunity to widen their estate, opening look-a-like shops on every high street. This made casualties of the small independents who were progressively squeezed out, incapable of keeping up with the soaring costs of doing business and the sheer professionalism and polish of their larger rivals.

The boom is over and the bust has exposed the underlying weaknesses in the economy, as well as problems of disconnection between property owners, retailers and local councils. We've seen stagnation and decline in many town centres and the closure of many high street brands. Consumers have had less money to spend in general, let alone on the high street.

During the boom years many extremely mediocre businesses survived and flourished. Many of these are now gone from our high streets. Woolworths is a prime example. They simply hadn't realised how to talk to the

new value-conscious consumer and allowed the pound shops, many of which are seeing astronomic levels of growth, to pile in and steal their market share. A fact made all the more painful when one knows that Woolworths was in fact the original pound shop offering all its merchandise at a fixed single price.

As a result, our high streets and town centres are now in a dire state:

- The number of town centre stores fell by almost 15,000 between 2000 and 2009 with an estimated further 10,000 losses over the past couple of years;<sup>2</sup>
- Nearly one in six shops stands vacant;<sup>3</sup>
- Excluding Central London, high street footfall has fallen by around 10% in the last three years;<sup>4</sup> and

2 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

3 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

4 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

- As well as independent retailers closing, new independents aren't entering the market. The Competition Commission found that of the 565 large grocery stores that opened between 2001 and 2006, the vast majority – 99.5% – were opened by large multiple retailers. Only one in that whole time was independent and just three were co-ops.<sup>5</sup>

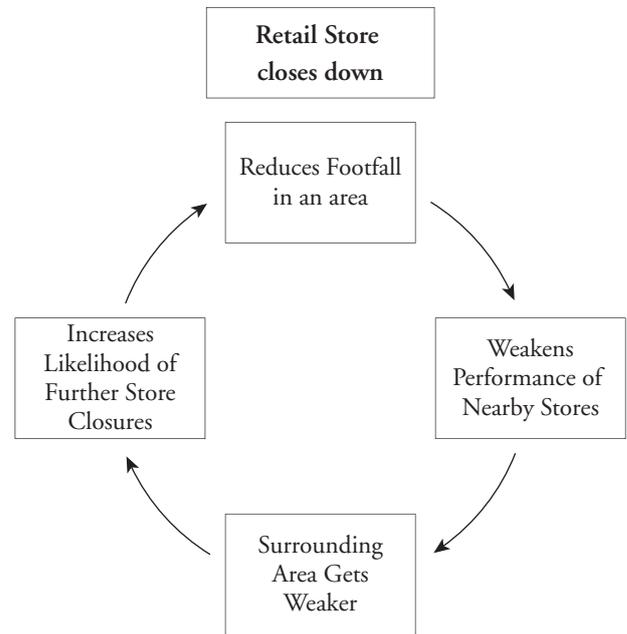
### Retailers need fewer shops

The recession is not the only cause of the decline and we shouldn't mourn the loss of poorly-run retail businesses that weren't able to adapt to our 21<sup>st</sup> century needs. An increasing number of shops are falling by the wayside as they fail to meet the expectations of today's increasingly sophisticated, time-poor yet experience-rich, consumer. And we are seeing a downward spiral of decline, as closures reduce footfall, weakening the high street and leading to more vacancies.

Only a few years back we were concerned with what we saw as 'Clone Town Britain' where every high street looked the same, the unique DNA of our towns and villages lost in favour of convenience and a set of trusted, if not always truly revered, national chains.

But new technological developments now mean that the internet is one of the key threats to retail on our high streets. Although internet sales currently account for less than 10% of all retail sales some estimates suggest that e-commerce accounted for nearly half of all retail sales growth in the UK between 2003 and 2010, as internet access has become more widespread.<sup>6</sup>

Figure 2: The downward spiral of decline on the high street



Source: Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*. Citing Colliers International.

And we have seen dramatic growth in 'm-commerce' – sales over mobile devices – of more than 500% in the last two years.<sup>7</sup>

Where retailers used to need 400 or 500 shops to touch the length and breadth of Britain, with the sheer power of the internet they now need far less. For example, as I write Sir Philip Green, CEO of Arcadia Group, has announced the reduction of his own retail estate as leases expire.<sup>8</sup>

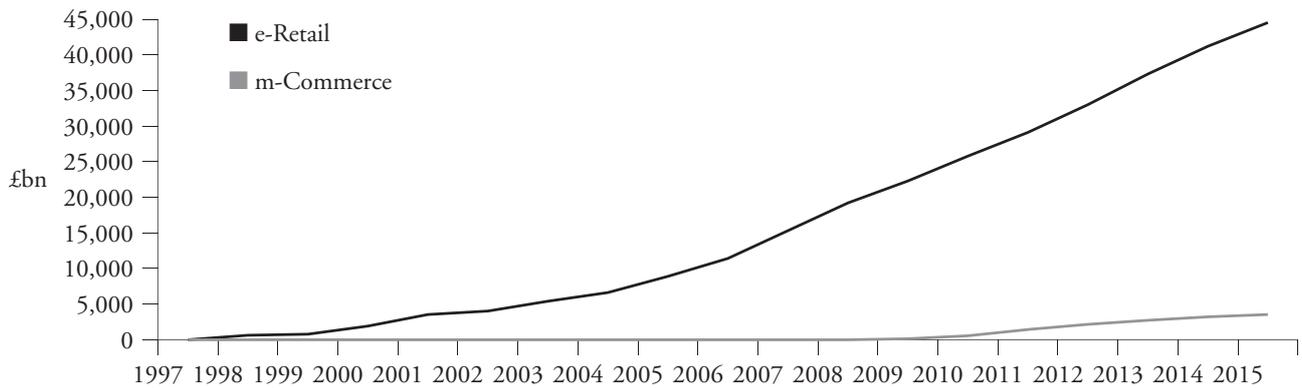
5 The Competition Commission (2006) Working paper on barriers to entry. Cited in Schoenborn A (2011) *The Right to Retail: Can localism save Britain's small retailers?* ResPublica

6 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

7 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

8 [www.bbc.co.uk/news/mobile/business-15867924](http://www.bbc.co.uk/news/mobile/business-15867924)

**Figure 3: In 2015 we'll be spending more than £40 billion a year over the internet and through mobile devices**



Source: Verdict Research (2011)

A new book shows powerfully how the digital technology revolution is changing business and all our lives. De Kare Silver argues that this is, “gradually ceasing to be a bricks and mortar world”<sup>9</sup> and shows that a 15% drop in store sales of most high street retailers pushes them below break even and into loss. It’s not just the small retailers; many businesses on the high street are feeling the pinch.

### 21<sup>st</sup> century urban entertainment centres

The shopping mall too has changed beyond recognition. The likes of Australian developers Westfield, who have built on both sides of London, have built highly successful, immersive 21<sup>st</sup> century urban entertainment centres. Selfridges has done exactly the same job. They’ve brought together cinema premieres, world-class restaurants, bowling alleys, art galleries and luxury brands – replacing the lightless, soulless experiences of the past.

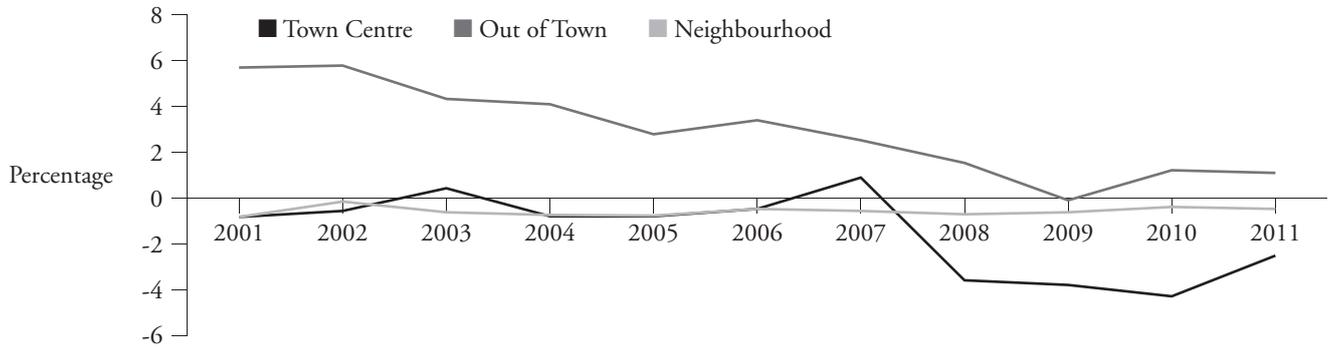
Once visited, these new phenomena have raised and reframed consumers’ expectations of high streets and town centres everywhere. Convenience has become the ‘buzz word’. We are in a new age of consumerism and the high street needs to adapt to that.

Shoppers have been flocking out of town. This shows up starkly in the statistics – in the last decade the amount of out-of-town retail floorspace has risen by 30% whilst that in-town has fallen by 14%.<sup>10</sup> Our planning rules have allowed these new out-of-town developments to flourish.

9 De Kare Silver M (2011) *e-shock 2020: How the Digital Technology Revolution is Changing Business and All Our Lives*

10 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

**Figure 4: Out-of-town developments have enjoyed positive growth rates since 2001 while town centre growth has been largely negative**



**Annual percentage growth in retail space by location 2001-2011**

Source: Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*. Citing Verdict Research (2011) *UK Town Centre Retailing*

**The rise of the supermarkets**

Groceries are the most important retail market in the UK. For every £1 spent in our shops nearly 50 pence is spent on food and grocery sales.<sup>11</sup> Yet despite the size of the market, large grocery retailers have been increasing their share of national grocery sales and the high street shops are actually in decline.

In 2008 the Competition Commission found that the number of specialist grocery stores had declined significantly since the 1950s: “The number of butchers and greengrocers declined from 40,000–45,000 each in the 1950s to fewer than 10,000 each by 2000. The number of bakeries declined from around 25,000 in 1950 to around 8,000 by 2000 and the number of fishmongers declined from around 10,000 to around 2,000 over the same period.”<sup>12</sup>

Our grocery market now sits firmly in the hands of the supermarkets – with more than 8,000 supermarket outlets accounting for over 97% of total grocery sales.<sup>13</sup>

What really worries me is that the big supermarkets don’t just sell food anymore, but all manner of things that people used to buy on the high street. They’ve been expanding their reach into homewares, stationery, books, flowers – you name it. Supermarkets now allocate more than one third of their floor space to non-food sales.<sup>14</sup> And there are some surprising statistics out there. Sainsbury’s are the seventh largest clothing retailer by volume in the UK.<sup>15</sup> More than 100 Tesco stores house opticians.<sup>16</sup> And for every £10 spent on health and beauty products in the UK in 2011 about 50 pence of it was in Morrison’s.<sup>17</sup>

11 Office for National Statistics (2011) *Retail sales*

12 Competition Commission (2008) *The supply of groceries in the UK market investigation*

13 Schoenborn A (2011) *The Right to Retail: Can localism save Britain’s small retailers?* ResPublica

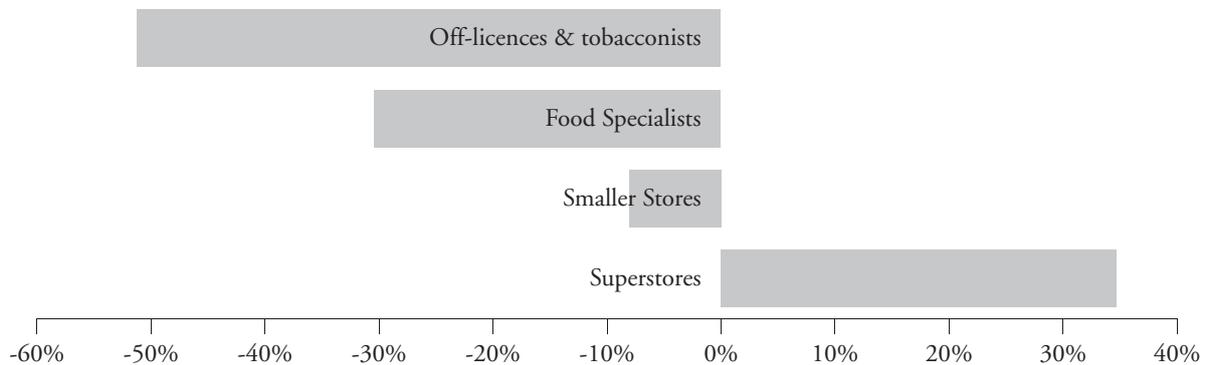
14 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

15 Latto A article 17 May 2011 *J Sainsbury – now the seventh largest UK clothing retailer by volume*. <http://www.stockopedia.co.uk/content/j-sainsbury-now-the-seventh-largest-uk-clothing-retailer-by-volume-56629/>

16 Verdict (2011) *UK Opticians Retailing 2011*

17 Verdict (2011) *UK Health & Beauty Retailers 2011*

**Figure 5: Since 2001, the number of superstores in the UK has grown by 35%, whilst all other forms of grocery outlet have declined**



### Percentage Change in Total UK Store Numbers, 2001-2011

Source: Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*. Citing Verdict Research (2011) *UK Town Centre Retailing*

All of these retail items, once the preserve of specialists on our high streets, are now being sold in volume, and with real sophistication, by the generalists. Categories which were maybe once perceived as luxuries, like flowers, are now perceived as throwaway value purchases at the bottom of an increasingly heaving shopping trolley.

My concern extends to the progressive sprawl of the supermarkets into needs-based services such as opticians and doctor's surgeries, which were once the exclusive preserve of the high street. A GP clinic opened at Sainsbury's Newcastle-Under-Lyme store this summer and was the third such facility to open at a Sainsbury's store. As of July 2011, five Sainsbury's stores also hosted dental surgeries.<sup>18</sup>

These critical high street and town centre services must not be simply gobbled up by the major supermarkets. It is these social and cultural experiences which will provide critical reasons to go into town as opposed to driving to the shopping centre. For this reason I think we need a more sophisticated understanding of what a good deal for consumers is, looking beyond simply price-based considerations to include community wellbeing and long-term sustainability.

18 <http://www.j-sainsbury.co.uk>, Press release 7 July 2011

### We have sacrificed communities for convenience

Historically, high streets looked after themselves, and brought immense social as well as economic benefits to British towns. But so many of us leave our communities to do our shopping and our socialising these days.

Our high street economies have been displaced.

Research by the New Economics Foundation shows that the money we are spending off the high street is more likely to leave the local area straight away, having less economic impact than spending in retailers with a localised supply chain.<sup>19</sup> And we are actually limiting our future economy by not supporting the new retailers and entrepreneurs that could be our future. Despite our 'town centre first' approach, we have let this happen.

As well as the loss to the economy I think we are losing something more here. We have lost social as well as economic capital. This observation from a seminal American work in the 1960s explains so vividly what an important role our high streets used to play.

19 New Economics Foundation have written to me about how spending and re-spending creates a multiplied impact and works harder for the local economy. See also Sacks J (2002) *The Money Trail: Measuring your impact on the local economy using LM3*

*“The trust of a city street is formed over time from many, many little public sidewalk contacts. It grows out of people stopping by at the bar for a beer, getting advice from the grocer and giving advice to the newsstand man, comparing opinions with other customers at the bakery and nodding hello to the two boys drinking pop on the stoop, hearing about a job from the hardware man and borrowing a dollar from the druggist.*

*Most of it is ostensibly utterly trivial, but the sum is not trivial at all. The sum of such casual, public contact at the local level – most of it fortuitous, most of it associated with errands – is a feeling for the public identity of people, a web of public respect and trust, and a resource in time of personal or neighbourhood need...”*

Jane Jacobs (1961)  
*The Death and Life of Great American Cities*

With so much of our spending going into the pockets of the big players and leaving our communities we are doing damage to the entrepreneurs, the potential brands and the wealth creators of our future, and ultimately to ourselves.

The Riots Victims and Community Panel recently concluded that the summer riots were exacerbated by a culture of greed and an overwhelming desire to, “have what we want when we want”.<sup>20</sup> The report concluded that earning status with one’s peers through owning top brands had, “become the new religion” and stealing luxury items became the rioters’, “main objective”.

I believe this is symptomatic of the legacy of a period of prolonged boom in consumerism. We have seen a radical and profound shift in our values. As a nation it seems we no longer value the place we live in or the people we live alongside. We no longer value human interaction, socialising or being part of something bigger than ourselves. In fact I think we’ve lost our understanding of what true value is. Value is so much more than the price of goods that we buy. Unless we start seeing value differently we are in serious trouble.

## My recommendations

This report sets out in detail what I think we all need to do to breathe economic and community life back into our high streets.

To really get high streets working for us I have thought about what Government – central and local – needs to do. But the public sector alone cannot create vibrant high streets, however hard they try. There is also a part that landlords and retailers must play. And, crucially, the part that all of us can play as people that meet, trade and shop in high streets around the country. Together everybody is going to have to give a little bit to help our high streets to be vibrant and successful.

I know that what I’ve found, and the recommendations I make, won’t please everyone. If they did, then this report would join all the other reports on the shelf. This is about giving back to the community a vibrant sense of belonging and place that will instill public respect and trust and a resource in times of personal or neighbourhood need. What really matters, what’s really important, is that we roll up our sleeves and just *make things happen*.

The following chapters set out my recommendations for the future of our high streets. I have focused first off on how we must work together to get our town centres running like businesses. I then look at getting the basics right to allow business to flourish and levelling the playing field with edge-of-town and out-of-town developments. I consider the roles and responsibilities of landlords and how to foster greater community involvement in future high streets. And finally I set out to re-imagine the high streets of the future.

20 Riots Communities and Victims Panel (2011) *5 days in August: An interim report on the 2011 English riots*

# My vision

I want to breathe economic and community life back into our high streets

Let me spell out my vision of the future.

I don't want to live in a Britain that doesn't care about community.

And I believe that our high streets are a really important part of building communities and pulling people together in a way that a supermarket or shopping mall, however convenient, however entertaining and however slick, just never can.

I want to put the heart back into the centre of our high streets, re-imagined as destinations for socialising, culture, health, wellbeing, creativity and learning. Places that will develop and sustain new and existing markets and businesses. The new high streets won't just be about selling goods. The mix will include shops but could also include housing, offices, sport, schools or other social, commercial and cultural enterprises and meeting places. They should become places where we go to engage with other people in our communities, where shopping is just one small part of a rich mix of activities.

This will be the new value.

High streets must be ready to experiment, try new things, take risks and become destinations again. They need to be spaces and places that people want to be in. High streets of the future must be a hub of the community that local people are proud of and want to protect.

No two high streets are the same. The UK has more than 5,400 places named 'High Street' and many other high streets exist in everything but name.<sup>21</sup> Because there is no such thing as a generic high street there is also no generic solution. And I wouldn't want it any other way. Each high street will need to find its bespoke response to revival, rather than being prescribed some generic response from on high. To do this they will need to make a connection with, "the aspirations, strengths, creativity, energy, needs and drive of local people"<sup>22</sup> and be a space that works in that particular place at that particular time.

I want to see high streets where localism really delivers integrated action from all the relevant stakeholders. Local authorities, landlords, retailers and the public working together to really animate the spaces they occupy, creating and nurturing their own unique place. Local people as co-creators and not simply consumers. Councils as managers and enablers. Landlords as long-term investors. Businesses as stakeholders. The best returns on investment will come from maximum collaboration based on local partnerships. Crucially, we need everyone collaborating and compromising at a local level to develop and deliver a vision which works.

**My goal is to breathe economic and community life back into our high streets and town centres.** I want to see all our high streets bustling with people, services and jobs. They should be vibrant places that people choose to visit. They should be destinations. Anything less is a wasted opportunity.

*"Wanting to go into town is different from wanting or needing to shop. It is about an experience. It is about sociability and relaxation, creativity and being part of something you cannot get at home or work."*

Jan Gehl (2010)  
*Cities for People*

*"High streets and town centres that are fit for the 21<sup>st</sup> century need to be multifunctional social centres, not simply competitors for stretched consumers. They must offer irresistible opportunities and experiences that do not exist elsewhere, are rooted in the interests and needs of local people, and will meet the demands of a rapidly changing world."*

Action for Market Towns (2011)  
*Twenty-First Century Town Centres*

21 Department for Business, Innovation and Skills/Genecon and Partners (2011)  
*Understanding High Street Performance*

22 Urban Pollinators (2011) *The 21<sup>st</sup> century agora: a new and better vision for town centres*. A collaborative response by leading doers and thinkers to the Mary Portas review



*My goal is to breathe economic and community life back into our towns. I want to see our high streets bustling with people, services and jobs. They must be ready to experiment, try new things, take risks. Vibrant destinations people choose to visit...*



# Getting our town centres running like businesses

## Recommendations

1. Put in place a “Town Team”: a visionary, strategic and strong operational management team for high streets
2. Empower successful Business Improvement Districts to take on more responsibilities and powers and become “Super-BIDs”
3. Legislate to allow landlords to become high street investors by contributing to their Business Improvement District
4. Establish a new “National Market Day” where budding shopkeepers can try their hand at operating a low-cost retail business
5. Make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not

## Introduction

Out-of-town centres curate a space, provide consumers with a clean and attractive destination, cheap parking, a healthy retail mix, things to do, and the right marketing to get them there in the first place.

In contrast, their high street competitors often have little to no management, with a spattering of town centre managers who have varying powers and responsibilities, little retail and consumer knowledge. Quite simply, our town centres evolved organically through the decades without adapting to the changing consumer. And as crisis has hit they have had little vision or guidance to see them through. High streets have a lot to learn.

The one – perhaps the only – thing everybody I have spoken to is agreed on is that for a high street to survive and grow it must have a very clear vision of where it wants to get to. And it needs co-ordinated planning and management to get there. If the high street was in single ownership, like a department store, it would have a vision, a high level strategy and direction, it would choose what it wanted in a particular space to fit with a vision and proactively target the businesses and services that were missing.

I saw for myself how real vision can secure new investment at the new Turner Contemporary gallery in Margate where the surrounding area has turned a corner, bringing new businesses and footfall to the lower end of this seaside town. Similarly, the joint vision, as well as direct support for local businesses offered by Town Centre Management, has demonstrated real benefits in Sparkbrook, where businesses and the local community are much more willing to collaborate to achieve a more cohesive high street.

*“Shopping centres and other out-of-town formats often have the advantage of single ownership. The landlord is able to create an identity for the centre, choose the retail mix, manage the centre so that it reinforces the brand, co-ordinate marketing and refresh the centre through regular reinvestment. **Single ownership is rare on our high streets, but that shouldn’t stop some of these elements being replicated. Our high streets need to plan their identity and shape their retail offer accordingly.** They need leadership, business plans and day-to-day delivery.”*

British Property Federation submission to  
The Portas Review

## A professional approach to high street management

High streets should run more like businesses. And businesses are run on the basis of a strategic vision. However, unlike the sophisticated shopping malls or large retailers, high streets aren’t overseen by a single landlord or professional management body. Town centres are a melting pot of landlords, occupiers, councils and others all with their own interests. A lack of cohesion is one factor that has led to record vacancy rates and rock bottom footfall. Many are crying out for professional input and strategic vision.

The high street has a lot to learn from the new malls – 21<sup>st</sup> century urban entertainment centres. These malls understand how to curate a space and ensure that there is a balance of retailers so that the consumer has a vibrant and diverse shopping experience. Their marketing is sophisticated, focusing more on experiential and uplifting messages rather than the practical and the

functional. They know what to do in the event of a vacant shop, disguising it with visual merchandising or offering a pop-up experience. They understand the importance of security and a tidy appealing shopping environment, and are there to provide assistance where possible to retailers who are struggling. Crucially, they understand the importance of free parking and staying open late as a non-negotiable for many consumers today.

## 1. Put in place a “Town Team”

### A visionary, strategic and strong operational management structure for high streets

To compete, town centres must put in place a visionary, strategic and strong operational management team. In some areas this is done well by local authorities. Town Centre Managers also do a great job on many high streets. But their coverage is patchy and often focused on the day-to-day housekeeping of the high street rather than developing a sustainable and relevant offer for the future. Without highly competent, inspired and collaborative high street governance we are never going to get our high streets running effectively.

I have called this group the “Town Team”. We need the belief and engagement of all the local stakeholders to create the sustainable high streets of the future. The best results will come from maximum collaboration at the local level to create high streets that people want to use, enjoy and return to.

It’s up to local areas to decide what works for them, but a Town Team could include key landlords, large and small shopkeepers, council representatives with specific knowledge of planning and development, the mayor or MP, other local businesses and service providers, and local residents.

The Town Team provides an opportunity for different local stakeholders to come together. Town Teams could also inherit powers and rights to try new ways of working on the high street. This should be game-changing stuff and thoughtful engagement, not just the usual suspects round a table planning the Christmas decorations.

The Town Team could also be represented virtually via a community digital portal facilitating a frank and creative exchange of views between stakeholders. An online portal would allow people to share information, volunteer for local schemes, find those who hold specialised knowledge, develop local delivery networks or simply access essential local services. As such the Town Team meets in real time online to progress the daily and longer term needs and aspirations of their community.

Critically, the new Town Teams would set out a clear vision for their town.

One size won't fit all so each vision will need to be unique.

Some local areas will need support. The Local Government Association could, for example, produce and promote best practice examples of how Town Teams have worked to renew and revitalise high streets around the country. This could include examples of where landlords, tenants and local authorities have worked together to successfully manage a local high street offer, and the key factors that have enabled this achievement. These could be structured to cover different types of towns (e.g. coastal, inner city, suburban, industrial, rural and market towns).

## Champions of change

Change on our high streets will come from people not just policies. Charismatic, local people with a vested interest in protecting their town centres and revitalising their communities will, if empowered to do so, inevitably lead the charge for change.

I have met many fabulous people on my travels and I believe that these people are out there. I also know that it's impossible to predict where we'll find them. I remember being hugely impressed by the Mayor of Margate and yet I remember being equally as impressed by the owner of an interiors shop in Rugby. Both these people are equally qualified to be champions of change.

The people that lead Town Teams would be these champions of the high street. They would be the high street's charismatic voice, spearheading a clear local vision for retailing and applying professional management to our high streets. And they would be the glue that holds stakeholders together – local people, businesses, landlords, the local authority and others. The Town Team concept will be successful where individuals really take a hands-on role in managing their high street offer, with the backing and support of local people and businesses.



## Curators of the future

Town Teams would recognise the uniqueness of their own town based on its history, its communities and its aspirations. They would see the high street as a brand which needs nurturing and communicating. Critically they would inspire and engage with the public and get people visiting high streets again.

In addition, armed with a shared vision of the future and shaped by the people who will use their high street, the Town Team could have the power to decide the appropriate mix of shops and services for their area. Anything which doesn't meet the agreed plan simply wouldn't be able to go ahead. They would know for example, that too many of one type of shop might blight the street. The feel and future of their towns will be the responsibility of all, rather than at the sole discretion of a planning executive committee.

### Case study: French Chambers of Commerce

French law lays down an authorisation procedure for commercial developments of over 1000m<sup>2</sup>.

The law stipulates that the creation, extension and transfer of a retail selling point of over 1000m<sup>2</sup> must be submitted to a Departmental Committee for Commercial Planning.

This Committee is composed of:

- Five locally elected persons
- The Mayor of the relevant community
- The President of the intercommunity urbanisation committee
- The Mayor of the community with the highest number of inhabitants in the region
- The President of the local council

- The President of the public organisation responsible for territorial cohesion which the commune adheres to
- Three persons qualified/competent in consumer issues, sustainable development and territorial planning, assigned by the commissioner. These people are **often representatives of the local chamber of commerce**

The committee hears the applicant and decides by absolute majority of the members present.

## 2. Empower successful Business Improvement Districts to take on more responsibilities and powers and become “Super-BIDs”

There is one model, already in place, which has begun to make important inroads: Business Improvement Districts (BIDs), where local businesses contribute to realising a jointly produced plan, funded by an uplift in business rates.

Where a BID has proven success, I believe that it could be developed as part of my new Town Team concept. A BID is voted for democratically by the retailers. There are more than 100 BIDs and around one third have recently been renewed, which indicates that something is working. A survey last year found that BIDs across the country had the capacity to generate total investment of around £66 million a year for regeneration and business development.<sup>23</sup> This is testament to the commitment of businesses to invest in their local areas.

The BID model however is quite new and in my travels I have seen successful expressions of it as well as some less successful models. The consensus seems to be that it does offer a credible financial model that breeds and engenders a feeling of trust among retailers to promote investment in areas. Where the model seems to be lacking is in the crafting and delivering of a unique and compelling strategic vision for a town.

23 Nationwide (2010) *Business Improvement Districts survey*

The current model appears to be dependent on external consultants delivering those elements of town centre and high street management which are critical to success.

BIDs are clearly a step in the right direction but as with most things in life are only as good as the people who are managing them. I believe that we can develop the BID model into something more structured and sophisticated – “Super-BIDs”.

New Super-BIDs would develop a dynamic strategic vision for their towns. Super-BIDs should be about more than just ‘grime and crime’ and should work in much more of a strategic partnership to shape the thriving high streets of the future I want to see. And this could be with other high street players within a Town Team structure.

The Government should look at how duly-constituted BIDs could be enabled to exercise the new community rights to buy assets and run services provided by the Localism Act. Provided that they can demonstrate local support and accountability, the new Super-BIDs should have the same rights as local authorities to use Compulsory Purchase Orders and enter and upgrade strategic properties, bringing empty property back into use. Super-BIDs should also be able to lead business-led neighbourhood planning exercises to develop a vision for their high streets (see recommendation 25 on neighbourhood planning).

### **3. Legislate to allow landlords to become high street investors by contributing to their Business Improvement District**

Landlords, as well as their commercial tenants, should have a seat at the table when it comes to planning and strategic decisions that affect their property. Unlike the current BID structure where only retailers can contribute, landlords, as critical long-term stakeholders, should also be able to make contributions and have a voice. This is already happening in London, for example in New West End Company. The Government should change the law to permit this across the country just as has been possible in London (under the Crossrail Act).

#### **Case study: New West End Company**

Even before BIDs came into existence, West End property owners recognised the importance of working together with occupiers to improve the environment and trading performance of the district. Together with the District’s retailers they founded New West End Company in 2000 financed by voluntary contributions from the major landlords. In 2005 New West End Company became a formal BID representing over 600 retailers while retaining its property owner support and leading a multi-million pound masterplan setting out a future vision for Bond Street, Oxford Street and Regent Street. The BID harnessed not just money but also the skills, energy and enthusiasm of senior local business leaders.

New West End Company is focused on three clear objectives. Making the West End cleaner and safer. Encouraging investment from both the public and private sectors. And promoting the West End to its key markets. The effort and commitment of New West End Company has retained and enhanced the West End as the world’s top shopping destination – attracting over 200 million visits a year, generating £7.6 billion income and consistently outperforming all other UK retail centres.

*[www.newwestend.com](http://www.newwestend.com)*

#### **New indoor and outdoor markets**

There is no shortage of entrepreneurial talent in the UK but there have to be the opportunities and spaces to give this new talent a chance to develop and flourish. The innovation and creativity we have in this country is inspirational, but this isn’t currently reflected on our high streets.

Markets are a fantastic way to bring a town to life. There’s a market for all of us. From a bustling ‘roll up, roll up’ veggie market to a thriving organic middle-class farmers’ market. What both these types of

endeavours share is people coming together to buy, to sell, to meet, to share, to discover and enjoy each other's company. It is the oldest type of commerce. But strangely, more than any other type of retailing, I believe markets can serve as fundamental traffic drivers back to our high streets.

Let's think about the Paris flea markets and German Christmas markets which bring people together. People coming together from every walk of life to sell, to share, to socialise.

From food, fashion, homemade, second hand, organic, craft, gardening and flowers, car boot fairs and recycled goods; mixing up all these types of markets will bring all types of people of every age group into the town.

I saw for myself what a bustling, lively market can do for a town centre when I visited Rotherham. On a market stall people can try out their ideas and get their business booming without too much upfront cost. And it's great for our town centres too, bringing in fresh ideas and products and preserving our nation's cultural heritage to boot.

*“Markets have existed for millennia and, historically, ensured the residents of towns and cities had access to affordable fresh food and other commodities. They have also acted as a **key source of retail innovation...** Markets were the retail nursery that created many of today's multi-national retailers e.g. TESCO (Hackney, East London), Marks & Spencer (Leeds), and Morrison's (Bradford). This innovation is still being displayed today through, for example, Farmers' and Christmas markets.”*

Markets Alliance submission to  
The Portas Review

#### **4. Establish a new “National Market Day” where budding shopkeepers can try their hand at operating a low-cost retail business**

Would-be retailers – or simply talented people who have something to sell – should be using indoor and outdoor markets as a step on the business ladder. A “National Market Day” would promote markets and help to get them off the ground in our town



centres. Why not rent out tables out for a tenner and get everyone involved? Markets, like street parties, are a great British tradition. The National Market Day could build on the successful royal wedding street parties that were held up and down the country earlier this year, where one million people got together with their neighbours to socialise and celebrate.

The National Association of British Market Authorities and the Markets Alliance are already working to shape and grow our future markets, which a National Market Day would support. And successful initiatives like the National Market Traders Federation First Pitch programme, where a business can test their idea on a market stall, should be built on to help attract young entrepreneurs to markets and really start building the innovative markets of the future.

## **5. Make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not**

People should have a right to sell on high street markets. We need to encourage and enable markets to be new social hubs full of entrepreneurial talent and innovation. Government could signal its clear and strong support for markets by simply switching their default position. Instead of needing to jump through certain hoops of licenses and regulations, why can't we proceed on the assumption that anyone can trade on the high street, unless there is a valid reason why not?

We need to encourage local people to come to the markets on their high street, to support the local business there and meet up with their community in the process. By removing unnecessary regulations so that anyone can trade on the high street, the Government will make crystal clear their support for British entrepreneurial talent and microbusinesses on our high streets.

## **Markets and festivals case studies**

West Norwood Feast is a monthly people-powered market kick started by Space Makers Agency earlier in 2011. Local retailers and businesses are involved and there are stalls selling street food, local crafts, gardening and retro clothes. But what makes it great is it's not just about handing over money for goods – it's also a place to meet new people, learn new skills and be entertained by local performers. It's a real celebration of the diversity, talent and entrepreneurial skills in the area. The market has seen early successes in its first year and put a lesser known area on the map. Critical to its success in the future, as an enterprise completely founded on the efforts of local volunteers, is its sustainability. Going forward, finding the funding to allow a more permanent Market Manager, rather than simply relying on the massive goodwill of local people will be essential.

Hitchin Market is one of the oldest in England but after several years of decline, local people decided it was time for it to get more investment. The local town centre partnership stepped in and formed Hitchin Markets Ltd operating on a not-for-profit basis. Since the takeover the market's footfall and trader base have increased and a weekly car boot sale a monthly farmers' market and craft market have been added to the timetable.

The Tavistock Real Cheese Fair, now in its sixth year, draws a mix of locals and tourists into the high street. This year about 40 local cheese makers were invited to set out a stall, and created a real buzz in the town with queues pushing people into not only the local cheese shop but also every other shop in their path. This is event retailing at its best, whereby a few local people have taken it upon themselves to make a real difference by identifying a gap in the market and establishing a clear, interesting and quirky brand. It helps locals to reconnect with the spirit of their community and boosts Tavistock's reputation as a market town that can pull in people from miles around.

# Getting the basics right to allow business to flourish

## Recommendations

6. Government should consider whether business rates can better support small businesses and independent retailers
7. Local authorities should use their new discretionary powers to give business rate concessions to new local businesses
8. Make business rates work for business by reviewing the use of the RPI with a view to changing the calculation to CPI
9. Local areas should implement free controlled parking schemes that work for their town centres and we should have a new parking league table
10. Town Teams should focus on making high streets accessible, attractive and safe
11. Government should include high street deregulation as part of their ongoing work on freeing up red tape
12. Address the restrictive aspects of the 'Use Class' system to make it easier to change the uses of key properties on the high street
13. Put betting shops into a separate 'Use Class' of their own

## Introduction

Too many of our high streets are in decay, and our social wellbeing is suffering because of it. For them to be the best that they can be, we need to get the basics right. The high street is a really hard place to trade. We need to make it easier for businesses to come into our town centres and start making them destinations again.

So many of the large retailers I spoke to told me that the high street is extremely burdensome at the moment to operate on, to the point that the economic difficulties and local obstacles outweigh the social benefit to a community.

There's a minefield of issues – tax and business rates, rents and contracts, planning, parking restrictions, delivery curfews and use classes, to name but a few. Doing business on the high street needs to be a more attractive and economically viable option than it is at the moment.

To give the town centre a fighting chance against out-of-town developments we need to go back to basics, with business rates that work for business, decent parking and no unnecessary restrictions.

### **Business rates that work for business**

Quite frankly, the costs of trading in many areas far outweigh the benefits of being in town. As I have been researching this report, the financial burden imposed by business rates has come up time and time again. I think that more can be done to make business rates work for high street businesses.

## **6. Government should consider how business rates can better support small businesses and independent retailers**

It's clear to me that rates are more of a burden for new and struggling businesses. For struggling businesses a Hardship Fund is already available (although I think awareness of it could be raised) and small businesses have access to Small Business Rate Relief, which the Chancellor has recently extended.<sup>24</sup> So there is some support available – but I think more could be done.

We need to proactively develop new players and our future entrepreneurs. These are the brands and wealth creators of the future. Government should consider how business rates can better support small businesses and independent retailers.

## **7. Local authorities should use their new discretionary powers to give business rate concessions to new local businesses**

I am also conscious that business rates are changing and local authorities will have more discretion to give business rate discounts on their high streets.<sup>25</sup> I think start ups should be the number one priority when it comes to giving discounts. The business rate discounts that charity shops enjoy builds a disadvantage into the system that is causing a problem. Landlords are choosing the safe option of charity shops and small new retailers aren't getting a look in. There will be no growth and innovation now or in the future if we don't address this.

To encourage local authorities to use their powers in this way, Central Government could establish a league table that charts councils' use of their new powers, to reveal who is giving the most relief to small businesses and independent retailers. Councils could also use their discretionary powers to allow local businesses to pay rates over 12 months, rather than the standard ten.

## **8. Make business rates work for business by reviewing the use of the RPI with a view to changing the calculation to CPI**

Although there is no real terms increase in business rates each year, uprating by the Retail Prices Index (RPI) imposes an annual burden on business. I don't think it would be realistic to recommend that rates are frozen but I do think that the Government should look at the impact this system is having on our high streets. Many taxes and benefits are now uprated with reference to the Consumer Prices Index (CPI) rather than RPI so this would bring business rates in line with other direct taxes.

I truly believe these measures will help to get more new businesses onto the high street and more importantly, keep them there.

24 HM Treasury (2011) *Autumn Statement 2011*

25 The Localism Act gives councils more freedom to offer business rate discounts – to help attract firms, investment and jobs.

## Access to town centres

It just wouldn't be possible to tackle the challenge of the high street without looking at parking. I know there are many very sensible environmental arguments as to why we shouldn't be using our cars. But to remove controlled free parking from our town centres puts them at a massive competitive disadvantage. Cars are an intrinsic part of the way many people shop and so many of our high streets simply aren't catering for our 21<sup>st</sup> century shoppers. The ease with which out-of-town retailing can be reached by car means that high streets do not have the luxury of pretending that car-based access is not convenient for shoppers. It is. And yet in many town centres I have visited for this review parking has been run-down, in an inconvenient place, and most significantly really expensive.

In these times of financial hardship and public spending reductions, it is clear to me that local councils will have a firm eye on the things that drive revenue, parking clearly being one of them. Yet I fundamentally believe that to increase the cost of parking in a locality (when there are alternatives offering free parking elsewhere) is to curtail the appeal of that location to the shopping consumer and therefore the longer term economic viability and wellbeing of the area.

In Central London, for example, much has been made of the decision to penalise those wishing to shop out of hours by imposing additional parking restrictions on the pretence that late night traffic needs to be managed.

This is just sheer madness and the only upside I can see is extra revenues generated for the Council.

I understand that to offer free parking all day is not the solution. I recognise that this would be potentially open to abuse by local workers and I want more free car parking spaces to be the privilege of local shoppers.

## 9. Local areas should implement free controlled parking schemes that work for their town centres and we should have a new parking league table

To go head to head with the out-of-town offering, high streets need to have a more flexible, well communicated parking offer. There are some places that are doing things differently. Chester's 'Free After Three' parking promotion offers free parking after 3pm at three of their car parks to help the city's businesses. More could be done to promote local schemes and share good practice across different areas.

### Case study: Changes to car parking charges in Swindon

In response to a concern from retailers, the Council took decisive action and reduced 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 a fixed period of time. The revised charging structure encouraged a four hour stay. Feedback from both retailers and customers was overwhelmingly positive with many people reporting longer stays and more spend in town. The Council also reported that interest in letting units was on the increase.



I also think we should be a bit more transparent here. The Government has already done a lot to encourage local authorities to publish more information about what they spend and raise. It should make sure that local authorities are open about who owns the local car parks and how much they charge. A parking league table could rank car parks by how much they charge. We could also open up the local authority books and make it easier to compare the amount of revenue different councils generate through parking. This would really allow people to hold their local area to account.

A league table could also encourage local authorities to reinvest more of the money they generate from parking back into the parking space. When I visited one town I learned about a key car parking issue. A couple of years ago the Council decided to create a red route along the length of the high street and stop people parking either side of the street to visit the shops. The Council collected hundreds of thousands of pounds in parking fines but it wasn't clear that any of this money was reinvested in the local community or high street. Let alone in upgrading the parking facilities. A league table has a role to play in addressing not just the cost of parking, but the way that councils invest in the quality and security of the parking space.

## **10. Town Teams should focus on making high streets accessible, attractive and safe**

Out-of-town centres create an environment where the shopper comes first, with wide footways and pedestrianised streets, and good public transport links such as free buses. This has taken business away from our high streets. In order to be places that people want to visit, high streets need to be accessible, attractive and safe. This should be a central part of the work of Town Teams.

For example, badly planned transport infrastructure can make high street shopping an inaccessible and unpleasant experience for pedestrians. And small and cluttered pavements, as well as busy roads, can make high streets unsafe for family shopping.

Local areas need to plan transport carefully to maximise the accessibility and attractiveness of high streets. Our ageing population will need the same great access to high streets that they have to out-of-town centres, by car as well as by bus and other methods of public transport.

In addition, our high streets need to offer a safe and pleasant place to shop and socialise. I believe there are many people who have appetite and time to volunteer their services to the benefit of their local community but simply don't know where or how to direct their energies. For example, local areas could recruit a team of voluntary "Town Rangers" who, trained up in local knowledge and security, work together to reduce anti-social behaviour and shoplifting and promote high streets as pleasant places to eat, relax and shop.

## **Restrictions on business**

Red tape is rife on the high street. Even large retailers have told me that they're put off town centre locations because of the red tape – and they're the people with an infrastructure and bank account to deal with it. Unnecessary bureaucracy around 'Use Classes' and delivery restrictions are two clear examples, but there are many more.

## **11. Government should include high street deregulation as part of their ongoing work on freeing up red tape**

The Government has been vocal in its support for deregulation and removing unnecessary red tape. This is exactly what our high streets need. It should bring this desire to reduce regulation to the high street to create a more flexible, attractive business environment.

Relaxing local authority restrictions that hold local businesses back will be a critical part of this. Businesses big and small have told me that restrictions, such as restrictions on night-time deliveries and noise, are an issue for them trading in town. Too often the voice of the few inhibits the ambitions of our businesses and some small issue can stop a project in its tracks. The

Government recently said it would consider the need for further guidance on quiet night time deliveries, which is a step in the right direction.

The Government is also trying to reduce regulation through a 'Red Tape Challenge' looking at which regulations are working and which are not and should be scrapped or simplified. It has already done a retail-themed Red Tape Challenge. But of course the high street of the future is not just about retail. So the Government should take a place-based approach by carrying a Red Tape Challenge exercise looking across the range of regulation affecting high streets. And a new Whitehall High Street Strategy Group could be established to ensure a joined-up policy approach to high streets.

### **12. Address the restrictive aspects of the 'Use Class' system to make it easier to change the uses of key properties on the high street**

One of the biggest unnecessary restrictions on business seems to be the use class system, which makes it difficult for buildings to have different uses and to change uses. For example it should be straightforward to convert to or from the D2 (leisure) class; and use Local Development Orders to remove these and other requirements. This would have a big impact on the number of empty properties and encourage more creative use of second, as well as first, floor spaces on our high streets.

There is currently a 13 week target for processing planning applications but to drive this we could publish the average length of time it takes to get a change of use by local authority. This would send a real signal to business about how easy it is to do business in different areas.

I do think there need to be limits, though. What I really want to see is diversity on our high streets. When a high street has too much of one thing it tips the balance of the location and inevitably puts off potential retailers and investors. Too many charity

shops on one high street are an obvious example of this. Funnily enough, too many fried chicken shops have the same effect.

### **13. Put betting shops into a separate 'Use Class' of their own**

I also believe that the influx of betting shops, often in more deprived areas, is blighting our high streets. Circumventing legislation which prohibits the number of betting machines in a single bookmakers, I understand many are now simply opening another unit just doors down. This has led to a proliferation of betting shops often in low-income areas.

Currently, betting shops are oddly and inappropriately in my opinion classed as financial and professional services. Having betting shops in their own class would mean that we can more easily keep check on the number of betting shops on our high streets.

# Levelling the playing field

## Recommendations

14. Make explicit a presumption in favour of town centre development in the wording of the National Planning Policy Framework
15. Introduce Secretary of State “exceptional sign off” for all new out-of-town developments and require all large new developments to have an “affordable shops” quota
16. Large retailers should support and mentor local businesses and independent retailers
17. Retailers should report on their support of local high streets in their annual report

## Introduction

For the large retailers it is easier, cheaper and more flexible to develop out of town, or on the edge of town, rather than on our high streets. And for shoppers out-of-town centres offer convenience, value and choice. So out-of-town retail has been growing at the expense of our high streets and in many instances has displaced our high streets.

Stakeholders up and down the country have told me about the need to ‘level the playing field’.

I often get bashed for saying I don’t like the big chains but that’s not true. I believe we have some of the best retail chains in the world. The issue for me is choice and balance. And in few areas has the market concentration been as visible as it is in the supermarkets. Three-quarters of groceries are sold by the four biggest retailers: Tesco, Asda, Sainsbury’s and Morrison’s. And they’re not just selling groceries any more. In fact supermarkets now account for 14% of all non-food sales, up from around 6% in 2001.<sup>26</sup> This has had an enormous impact on the nature of our high streets.

26 Department for Business, Innovation and Skills/Genecon and Partners (2011) *Understanding High Street Performance*

**We are burying our heads in the sand about the social and economic impact.** A pound spent in a retailer with a localised supply chain that employs local people has far greater domestic economic impact than a pound spent in a supermarket or national chain. What's more, out-of-town developments are often presented as major new sources of employment but we need to recognise that this 'job creation' is often just job displacement. It is really important that we start levelling this playing field.

### **Presumption in favour of town centre development**

My first and intuitive response to this review was to recommend an immediate moratorium on any new out-of-town developments. I thought that this firm and decisive action would send an unequivocal message to developers that the town centre was now to take centre stage. This is an idea which seemed to have some real traction with consumers, many retailers and surprisingly even many landlords. However, in the current economic climate, such single-minded thinking may be a little unrealistic and unhelpful.

However, what I do think Government can and must do is take a new approach to future development. We need to ensure that our planning system is fit for purpose and that people and place come first.

### **14. Make explicit a presumption in favour of town centre development in the wording of the National Planning Policy Framework**

Planning guidance is currently being reviewed and simplified through the new National Planning Policy Framework (NPPF). The Government says it wants to ensure that town centres come first. I believe that the NPPF needs to be at least as protective of the effect of development on people's lives, and the places where they live, as the existing policy. In its details, but also in the strength of the language. I am worried that the guidance has been softened to the point where far too much out-of-town development may be possible.

The wording needs to be as precise as possible so it's really clear that people and place come first and the policy is less vulnerable to legal disputes.

The NPPF already includes a 'presumption in favour of sustainable development'. I believe that the most sustainable form of retail development is retail development in town centres. Out-of-town shopping is less sustainable taking into account the social and environmental impacts it has; so the new NPPF policy needs to explicitly presume in favour of sustainable development in town centres. And this should include offices as well as shops and businesses.

In compiling this report I was surprised to discover that no recent research has been undertaken to understand the impact of out-of-town developments on town centres. I recommend that new research is undertaken with a clearly defined purpose to ensure the outcome provides information that is useful in making planning decisions.

### **15. Introduce Secretary of State "exceptional sign off" for all new out-of-town developments and require all large new developments to have an "affordable shops" quota**

Just as you cannot develop on the Green Belt unless there are exceptional circumstances, an impact test for the high street should be robust and codified. As part of this review the Association of Convenience Stores told me that since 2008 there have been 146 chances to review out of town developments but so far the Government has only challenged one. The Government needs to get much tougher here. We need to stop the lip service and make this real.

Where the case for an out-of-town development has been proved, the Secretary of State should more frequently use his existing powers to decide whether there has been enough consideration of the impact of out-of-town development on the town centre. This could be restricted to extensions over a defined size or scope, in order to not overly slow the planning system.

The Secretary of State would then effectively have “exceptional sign off” powers for all new out-of-town developments, and could be much tougher about what permissions are granted with due regard to the impact on local high streets.

Where the Secretary of State does give exceptional sign off for a new out-of-town development, the developers should have to show that they support local growth and innovation. I recommend that big new developments should only be signed off where they include some designated space for smaller retail units for local entrepreneurs. The existing system of planning obligations could be used to secure this, in much the same way as big housing developments are required to contain some affordable housing for lower-income tenants. This will really mean that the high street is not overlooked and town centres are at the heart of retail expansion in coming years.

### Big retailers: big responsibilities

Responsible big businesses care about and support high streets. As well as Government putting town centres first, businesses have a responsibility to consider their impact on local areas. **Supporting high streets to thrive is an economic win for business but also a key part of their social responsibility.**

## 16. Large retailers should support and mentor local businesses and independent retailers

One high street retailer I met said that they dedicate a large percentage of turnover to their local corporate social responsibility policies. It is clear that there is funding and goodwill in our communities yet this retailer, as with many others I spoke to, had no idea where or how to direct this money.

Where the challenge is knowing where to direct funds and making money and time go as far as possible, retailers should take the initiative, and get together to collaborate. This should be supported by more mentoring relationships between large retailers and their smaller, local neighbours. This could involve, for example, work shadowing and work placements –

and for those thinking of setting up a retail business, training and advice on merchandising.

There may also be opportunities for big retail businesses to get involved in mentoring outside of the retail sector, more widely sharing their generic business skills (planning, finance, marketing, strategy) with local businesses. Or why not those who have recently retired from high street businesses, who want to give something back to ensure the ongoing vitality of their local area? We can capitalise on goodwill here in focused, compelling ways.

## 17. Retailers should report on their support of local high streets in their annual report

A retailer’s understanding of their business impact on the wider world should start at home. One way of emphasising the importance of high streets would be for more big retailers to use their annual reports as a way of highlighting what they are doing at a local level to support local high streets.

The Government has recently consulted on how to simplify company annual reporting, to help ensure it provides the information shareholders need to hold the directors to account for their stewardship of the company. As part of their reporting on social and community issues, retailers should consider including information about their support of local high streets.

### Case study: The Co-Operative’s community contributions

In 2010, The Co-Operative’s community contributions totalled £12.4 million or 4% of pre-tax profit. 62% of community contributions go towards long-term strategic investments in community partnerships to address social issues; 27% were community activities that directly support the business and promote its brand; and 11% were charitable gifts supporting charity and community organisations in response to needs and appeals.

British Retail Consortium (2011) *Retail in Society: Serving Our Communities*

# Defining landlords' roles and responsibilities

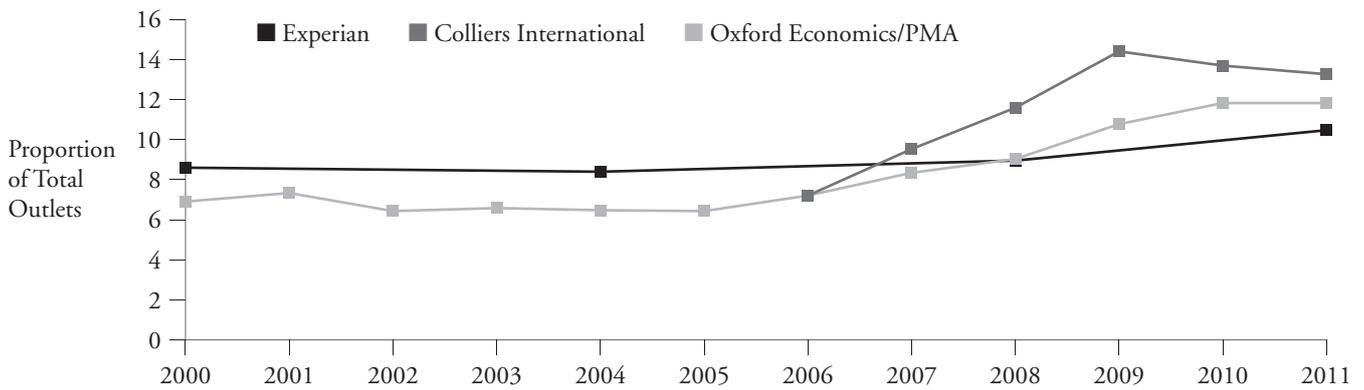
## Recommendations

18. Encourage a contract of care between landlords and their commercial tenants by promoting the leasing code and supporting the use of lease structures other than upward only rent reviews, especially for small businesses
19. Explore further disincentives to prevent landlords from leaving units vacant
20. Banks who own empty property on the high street should either administer these assets well or be required to sell them
21. Local authorities should make more proactive use of Compulsory Purchase Order powers to encourage the redevelopment of key high street retail space
22. Empower local authorities to step in when landlords are negligent with new “Empty Shop Management Orders”
23. Introduce a public register of high street landlords

## Introduction

One of the biggest problems with our high streets is that properties are owned by a diverse set of people – from private holders to overseas investors, large corporations, and banks. Sometimes, these landlords are ‘absent’ and frankly have no interest in or knowledge of local needs. They would rather leave a unit empty for years than consider discounting its rent. This has led to the high vacancy rates we see today, but also the dog-eared and down-at-heel buildings that blight the character of our high streets.

**Figure 6: Overall town centre vacancy rates have climbed to nearly 15% on some estimates**



**Retail Vacancy: Proportion of Total Outlets**

*Source: Department for Business, Innovation and Skills/Genecon and Partners (2011) Understanding High Street Performance. Citing Experian, Oxford Economics/PMA and Colliers International. Note: Colliers International data is for October each year (except for 2011 which relates to April).*

We need landlords to take the long-term view that the value of their asset is intrinsically linked to the attractiveness of its location – “All landlords should be long-term investors in communities, never just extractors of value.”<sup>27</sup>

**18. Encourage a contract of care between landlords and their commercial tenants by promoting the leasing code and supporting the use of lease structures other than upward only rent reviews, especially for small businesses**

**Being a responsible landlord**

Good landlord-tenant relationships are really critical for a healthy high street. Both landlords and tenants need security and stability and a new contract of care should help to keep landlords’ properties filled and businesses’ profits flowing. I want to see a new relationship between landlords and business tenants, with landlords feeling like they have a stake in the success of their tenants’ business and a shared aspiration – essentially, supporting them to thrive.

Each contractual arrangement needs to suit the circumstances of the particular landlord and tenant. Fairness is key and I would like to see what I call more widespread contracts of care between landlords and their commercial tenants. A code for leasing business premises has been developed (see box) to empower occupiers to negotiate the best deal for them. It’s endorsed by key industry bodies as well as by Government and I would like to see more landlords signing up to this code and more done to raise awareness of it among occupiers.

<sup>27</sup> Urban Pollinators (2011) *The 21<sup>st</sup> century agora: a new and better vision for town centres*. A collaborative response by leading doers and thinkers to the Mary Portas review

## Code for Leasing Business Premises

The Code for Leasing Business Premises in England and Wales 2007 is the result of collaboration between commercial property professionals and industry bodies representing both owners (Landlords) and occupiers (Tenants). The Code consists of three parts:

- 10 point requirements for landlords in order for their lease to be Code-compliant;
- A guide for occupiers, explaining terms and providing helpful tips; and
- A model Heads of Terms (which can be completed online and downloaded).

The Code aims to promote fairness in commercial leases, and recognises a need to increase awareness of property issues, especially among small businesses, ensuring that occupiers of business premises have the information necessary to negotiate the best deal available to them.

*[www.leasingbusinesspremises.co.uk](http://www.leasingbusinesspremises.co.uk)*

The upward only rent review had its place but in the current economic climate can no longer be the broad brush solution it once was. In cases where a struggling small entrepreneur is interested in staying in a property for 15 years, the upward only rent review after five years can be a crippling factor in determining whether or not the business can survive in the location.

I therefore recommend that, particularly in the case of small entrepreneurs without the negotiating clout of the big retailers, alternative lease structures are used. And Central Government, landlords and local authorities should lead by example here when letting out their properties to commercial tenants. We should increase awareness and availability of different types of lease such as turnover-based rent reviews that give landlords a stake in the success of the tenant's business. Tenants should have a good understanding of their options so they can negotiate arrangements that work for them.

We should also look to increase the availability of monthly rather than quarterly in advance payment terms. In today's tough economic climate, where cash is king, to relieve small businesses of the onerous pressure of the quarterly up front payment would I believe offer a real business benefit. I have also been told throughout my review that the use of comparatives in setting rent levels is often unhelpful.

I would like the new Town Teams to be empowered to intervene if necessary to support both landlord and shopkeeper to come to amicable solutions in cases of dispute to ensure the property stays occupied.

## 19. Explore further disincentives to prevent landlords from leaving units vacant

When important properties in the middle of high streets are empty it pulls down the attractiveness and desirability of the street. The problems associated with empty properties are considerable. They attract vandalism and increase insecurity and fear. And this all reduces the value of surrounding businesses and homes. So the decision to leave a property empty is not just a private matter for the landlord. It affects us all. Innovative solutions could add value to not just the individual properties but to the surrounding area.

Landlords say they wouldn't intentionally leave properties empty. Although they get three months of empty property rate relief, they're missing out on valuable rent. But given the rise in vacant properties there is clearly an issue here that needs to be looked at.

For example, could empty property rate relief be removed unless the landlord is actively investing in the property? Or could financial penalties be imposed on landlords with a large proportion of their portfolio left vacant? Could landlords be educated on their responsibility to maintain and promote their units? In the long run, this is going to be to the benefit of the landlord as the value of their property is kept up.

Central Government and local authorities really must lead by example here with the vacant properties they own. For example, could empty local authority properties

on the high street be managed as a showcase for local micro-businesses? This would enable new ventures to test their ideas and profitability before committing to bricks and mortar investment. And why not give over empty second floor spaces to Town Teams, both to use as meeting space as well as a space to try out new ideas for the high street?

## **20. Banks who own empty property on the high street should either administer these assets well or be required to sell them**

I have been told that over the last few years a large number of banks have become landlords because of property repossessions, with no apparent interest in investing in the local high street that their new acquisition sits in. If banks can't actively manage their new portfolios they need to take responsibility or sell – perhaps even selling to communities. We should encourage local groups to use the new Community Right to Buy (in the Localism Act) as a method of taking on empty properties owned by banks and protecting our high streets. This would be a real opportunity to reduce voids and empower local people to get involved in their local high street and make their high street what they want it to be.

### **Negligent landlords**

When key high street buildings are in a state of disrepair or lifelessness, they can destroy the spirit and potential of the town. I saw this for myself in Rugby, where a key period property in the middle of town was left empty and was a real blight on the rest of the high street.

## **21. Local authorities should make more proactive use of Compulsory Purchase Order powers to encourage the redevelopment of key high street retail space**

Local authorities need to get a bit more hands-on with landlords that let their properties degrade in this way. They can do this with powers they already have to encourage the redevelopment of key high street retail space.

## **22. Empower local authorities to step in when landlords are negligent with new “Empty Shop Management Orders”**

Compulsory Purchase Order powers can be time-consuming and costly for the Council. Another option which could be useful in some situations would be to introduce new powers for councils to enter and upgrade when landlords are negligent. Councils can already take over the management of long-term privately owned empty homes. They should be able to do the same for empty shops on the high street, with “Empty Shop Management Orders”.

Local authorities could then enter and upgrade strategic properties that have been left empty. They could manage them, rent them and maybe even use the frontage for advertising as a way to generate extra revenue, just as the shopping centres do.

## **23. Introduce a public register of high street landlords**

What we really need to do is bring landlords more into the picture when it comes to running our high streets. This is about transparency and it's about accountability. Too often we don't even know who high street landlords are – especially when they are banks. We need to keep better track of the landlords on our high street.

Having a public register would mean landlords making their contact details available to the local Town Team. As I show below, some high streets are already doing this (see box on page 38 on Chatsworth Road). But it would also be a way to encourage more landlord engagement, especially as part of a Town Team mix. This, in addition to my recommendation on allowing landlord membership and contribution to Business Improvement Districts, will really start transforming landlords into investors in the future of our high streets.

# Giving communities a greater say

## Recommendations

24. Run a high profile campaign to get people involved in Neighbourhood Plans
25. Promote the inclusion of the High Street in Neighbourhood Plans
26. Developers should make a financial contribution to ensure that the local community has a strong voice in the planning system
27. Support imaginative community use of empty properties through Community Right to Buy, Meanwhile Use and a new “Community Right to Try”

## Introduction

This review has started a huge conversation – in the media, in people’s homes and down the pub. People are passionate about high streets. What we need to do is turn that passion into action. We need to put the heart back into our high streets and inspire that connection between local people and their ‘home town’. Localism must truly mean local people having a voice and influence. But that requires structure and guidance.

Town centres exist to serve their communities’ needs. So local people should have more say in what they want from them. We are on the cusp of a new time, with the ‘localism’ agenda all about putting more power into the hands of the people. But we risk this falling flat on its face if communities are not inspired and empowered. Quite often it’s only the noisy minority that contribute. I want to see everyone feeling like their voice can be heard – to sweep away the apathy and create truly powerful new local involvement.

There are lots of ways that we can do this and we need to start thinking in new ways too. Communities need the tools, knowledge and opportunity to have a say – shifting from ‘consumers’ to ‘co-creators’. I’ve started to think about what this could look like but it’s up to you and your high street to get creative.

## Neighbourhood Plans that focus on the high street

Town centres are a civic space, not a private one, and all have roles to play. Government – central and local – should facilitate groups of citizens to decide what to do in their local towns. We must ensure that the ‘community rights’ in the Localism Act are used to address town centre issues.

The new Neighbourhood Plans are a real opportunity to get local people connected with their high street. Where it works well it will give communities a really meaningful say in the future of the place where they live, ensuring new activities are approved that contribute to local wellbeing. The process could help people take ownership of, identify with and most importantly *use* their high street.

### 24. Run a high profile campaign to get people involved in Neighbourhood Plans

To really get Neighbourhood Plans working we need more transparency about what funding is available for community groups developing these plans. And they need guidance and resources to help them on their way. Most importantly people need to know about this opportunity to contribute.

We should build on what Government is already doing with the Neighbourhood Planning Front Runners Programme, where some 125 communities are testing out neighbourhood planning, and the Plain English Guide to the Localism Act e-flyer.<sup>28</sup> The support being provided to community groups is welcome but I think more should be done to raise the profile of neighbourhood planning.

## 25. Promote the inclusion of the High Street in Neighbourhood Plans

It’s up to communities to decide what goes in their Neighbourhood Plan but I think that high streets should be front and centre of Neighbourhood Plans. Plans should include consideration of what social and retail mix local people would like to see and what kind of shops and services they value. A handful of Neighbourhood Plan Front Runner projects, including some that are business-led, are looking at high street and town centre issues. But I think far more should be doing so. This is a real opportunity for communities to input into decisions about the future of their local high street.

### Case study: Chatsworth Rd E5

Chatsworth Road Traders & Residents Association is producing a Neighbourhood Plan that will help local people manage the make-up of shops on the high street. Through new powers outlined in the Localism Act it intends to create planning policies that will:

- Control the amount of street frontage allowed for any single shop, influencing the mix of unit sizes and in turn the occupiers likely to take up spaces along it
- Create a detailed Use Class Order that can be used to better control the type and mix of shops along the street that are given planning permission
- Influence how the upper storeys of retail units are used, to encourage more active uses that will contribute to increasing footfall along the street.

The association is also creating a database of all landlords, rents, tenants and the length of leases for every shop along the high street.

Urban Pollinators (2011) *The 21st century agora: a new and better vision for town centres*. A collaborative response by leading doers and thinkers to the Mary Portas review

28 [www.communities.gov.uk/publications/localgovernment/localismplainenglishupdate](http://www.communities.gov.uk/publications/localgovernment/localismplainenglishupdate)

## 26. Developers should make a financial contribution to ensure that the local community has a strong voice in the planning system

The planning system is too susceptible to those who can afford an army of lawyers and the costs can put off those with legitimate appeals, as a recent study found out. There seems to be an imbalance in the planning system which we need to address.

*“The majority of shopkeepers polled felt that they had an unfair disadvantage in comparison with major supermarkets in the planning system. In this, they echo a view held by many communities and activist groups that have struggled to exert control of their local high streets. Concerns include that the resources available to major retailers make it significantly harder for local authorities to challenge submissions by supermarkets for planning permission, compared with smaller retailers. Particularly, local authorities’ decisions may be influenced by a cost-benefit assessment on the basis that supermarkets are able to fund costly appeals against refusals and claim costs if they win, or resubmit modified versions of refused applications. Better resourcing also allows major developers to exploit legal loopholes in land usage, offer local authorities “sweeteners” in exchange for planning permission or bypass planning objections by funding major developments.”*

Schoenborn A (2011)  
*The Right to Retail: Can localism save Britain’s small retailers?*  
ResPublica

We should be getting local people engaged early in the planning process and able to influence the future of their areas. I’ve heard too many examples of communities being against a big development but it going ahead anyway. People need a powerful, legitimate voice and planning needs to be a much more collaborative process than it has been to date. The Government, working alongside the big developers, should explore how the local community can be given sufficient support and a stronger voice in the planning system. And I recommend that developers make a financial contribution, as well as contributing time and other resources, to ensure that this happens.

### Case study: Poor consultation with local people in Ely, Cambridgeshire

“Ely is a town centre under pressure from all sides. New edge of town and out of town development is threatening to take trade from the high street, and alongside this, car parking charges are being introduced in the town centre. As part of their response, East Cambridgeshire District Council are introducing a free bus service to take residents to out of town stores, further damaging the high street.

This is a case study of poor consultation with local people and certainly with the local traders. The specific issues related to the consultation process were:

- Section 106 payments from developers appear to have out-weighted the views of local businesses. For example £800,000 contributed through a section 106 agreement is partly being used to fund a bus service to take shoppers to an out-of-town store.
- The development of a new retail park out of town has not been communicated transparently to local people and is only in the public domain due to being leaked by the developer.
- The Council have shown no appetite for listening to traders. The Ely Traders Association’s initial attempt to hold a meeting at the Council building was thwarted by a response that they would need to insure for £5 million public liability cover in order to hold the meeting. When a meeting was held, only seven members of the ruling Conservative group attended, not including the leader of the Council. One hundred traders and local people attended the meeting.
- There is no indication that the Council are listening to the weight of public opinion. A petition of 12,300 people (out of an Ely population of 18,000) objecting to the introduction of parking charges has been collected.

This raises a number of issues about consultation and the safeguards that need to be put in place to make it harder for an anti-high street position to be adopted.”

*The Association of Convenience Stores 2011*

## Community ownership and use

Community groups should be able to use vacant spaces and have the right to trade in empty property. Why shouldn't community groups have the chance to open up social and cultural centres in empty high street premises, and drive the vibrancy of the area?

### 27. Support imaginative community use of empty properties through Community Right to Buy, Meanwhile Use and a new "Community Right to Try"

We need to come up with innovative and exciting ways to ensure that empty properties remain a part of the high street and not a blemish on it. The new Localism Act introduces a host of new opportunities for communities to get involved.

For example the Community Right to Buy will mean that when important local amenities and buildings like town halls come up for sale, communities will have extra time to prepare a bid to take them over. This is a great opportunity to promote community ownership and make it easier to keep much-loved assets in public use. And Government should explore how it can support such ventures through a seed fund, for example using the same mechanisms as are envisaged for the £400 million allocated to stalled housing sites in the recent Housing Strategy.

But I think we could do more here by introducing a new "Right to Try"<sup>29</sup> to encourage community use even without community ownership, alongside my proposal for a new "Empty Shop Management Order" power.

Local people may have the will but not the means to buy property that is owned by a local authority or in a state of disuse. If they can't buy it then they should be able to try it. To go into the property and test co-operative ventures. To really be co-creators of the space and take forward what they want to see on their high streets.

In addition, the Meanwhile Project<sup>30</sup> has developed temporary or 'meanwhile' uses of vacant properties that are of benefit to the local community. This project has shown how communities can make creative use of empty shops and help make town centres more vibrant places.

More empty properties should be used in this way. And Government should make it as easy as possible for landlords to let property on meanwhile uses. For example we could promote greater use of meanwhile tenancies by allowing landlords to continue to benefit from the three months of empty property rate relief while companies occupy and trade. The local authority would be no worse off than if the property is empty but the property is getting used for a short-term tenancy. Better to have something in them than stand empty.

29 This suggestion has been made in Schoenborn A (2011) *The Right to Retail: Can localism save Britain's small retailers?* ResPublica

30 [www.meanwhile.org.uk](http://www.meanwhile.org.uk)

## Meanwhile Use case studies

### **Coventry Artspace**

Coventry City Arcade is a covered space made up mainly of small units at the edge of the city centre. It has suffered high levels of vacancies and a similar lack of footfall, and the City Council has suffered a loss of rental income because of the number of empty units. The Council opened up vacant units for 'meanwhile' use. Visual and performing arts projects colonised the space and brought it to life. As well as increasing footfall, the projects generated national media coverage and the Council agreed to develop a formal strategy to animate, use and manage their temporary void spaces.

*[www.coventry-artspace.co.uk](http://www.coventry-artspace.co.uk)*

### **Brixton Village**

The Spacemakers Network became the managing agent for three months for 20 properties at the Granville Arcade, which is now known as Brixton Village. The arcade was in poor condition with dated units and tired public spaces. Spacemakers brought in a range of arts, creative industries, retail and catering users rent-free, with occupiers taking responsibility for any necessary refurbishment and paying their own rates and utilities. The project relieved the landlord of the burden of business rates on empty properties and brought additional footfall which has helped establish new businesses alongside the existing traders.

*[www.emptyshopsnetwork.com](http://www.emptyshopsnetwork.com)*

# A few words of advice to Britain's shopkeepers

I've undertaken this review because I believe in shops, wherever they're located.

However, in the current climate, and for all the reasons I've discussed in my report, not all the shops which are trading today are likely to be trading tomorrow.

Some quite simply should never have opened their doors in the first place. Running a profitable retail business is a commitment which goes far beyond the fun of the buy and the thrill of the sale – and not everybody is cut out for it.

Others, opened on the back of a shopkeeper's vision that at the time felt hugely compelling, simply failed to take into consideration the needs and aspirations of the customer.

Of greatest concern to me are the thousands of businesses in Britain who once managed to make a living out of retail but in recent years have simply failed to adapt. Hard-working, committed and professional people, frequently real experts in their fields, who haven't adapted their retail offer to meet the increasingly demanding expectations of today's consumer.

To those businesses, I wanted to add a few personal words of advice.

Surviving in today's value-minded, aggressively-discounted, convenience-focused market means reappraising how to compete and doing things differently.

It means standing for something. Connecting with our values as well as our sense of value. Consciously bringing something onto our high streets that the internet never can. And doing it with such creative flourish that people come back time and time again.

In a world where the sheer sophistication, speed and scale of both the web and the major supermarkets will always be pushing new boundaries, you'll never be able to compete sustainably on price. You'll never be able to beat the sheer efficiency of the web. You'll never be able to compete with the range and diversity of the major multiples and supermarkets.

Where you can compete and need to focus your efforts is in three core areas: Experience, Service and Specialism.

## **Experience**

Experience, in the truest sense of the word, is something which touches people on a deeper human level. Retail theatre when done well is surprising, challenging, uplifting, energising even mesmerising. Great brands, retailers or not, have realised that a three dimensional brand experience is by far the best way to engage with customers and build loyalty. Being and buying. A place I feel so happy to be that it's a given I'll buy something. Too many retailers start with the product and build outwards. Too few start with the customer experience and design the product to fit into it.

## **Service**

Most of the retail pundits proclaimed that great service would be a critical differentiator between the survivors of the recession and those who fall by the wayside. I'd go one step further. I believe that good service is our basic right. Far too many businesses on our high streets don't prioritise good service as part of their offer, meaning that as a nation we've come to expect no better. This is where the smaller operator can step in and break the mould. It's amazing how the smallest service gestures really make a difference: from connecting with and really knowing and caring for your customers, to having an in-depth knowledge that guides and advises them; serving is quite simply the new selling.

## **Specialism**

Finally, I believe that in a climate where the generalists rule the roost, smaller shopkeepers should reassert their specialism. One thing most of us understand is the value of a real expert. Most of the better examples of new British retailing are guided by the hand of a specialist in one form or another. Specialist bread shops, retro fashion shops, wine merchants, new kinds of beauty boutiques, optical specialists or farm shops. Specialist retailers know how to express and manifest their expertise across everything they do. And I don't just mean their products.

Shopkeepers of Britain, whilst many of you are living through some of the most shockingly tough trading periods in recent history, I believe if you put the customer first, compete on a higher playing field and bring something genuinely different to our high streets, then the customer will come and find you.

Good luck!

# Re-imagining our high streets

## Recommendations

28. Run a number of High Street Pilots to test proof of concept

*“The most vibrant town centres offer a wide range of locally responsive services that create a comprehensive retail, cultural and community hub. This is crucial for the future of the High Street as it is an offer that its competitors struggle to match. Future Government policy must acknowledge this, not treating retail in isolation, but empowering councils to integrate the shopping offer effectively alongside other cultural and community services.”*

Local Government Association response to The Portas Review

The previous chapters have raised some of the key issues that will help our high streets to become enjoyable, exciting places to be. To create The New Local. But we can't just make a couple of small changes and then sit back. We all need to seize this opportunity and really work together to create the future high streets that we want to see.

High streets are about so much more than shopping. This review isn't just about retail or what's in the interests of the local shopkeeper. High streets should be seen as a civic not a private space. A shared resource in which people come together to create value and share experiences.

My vision for the future of high streets is of multifunctional and social places which offer a clear and compelling purpose and experience that's not available elsewhere, and which meets the interests and needs of the local people. We need to start a conversation about what we need and what we want our high streets to be. To put the heart back into our high streets, inspire that connection between local people and their home town, and instill pride in belonging to a unique place.

## 28. Run a number of High Street Pilots to test proof of concept

I would like to show the case for putting our high streets first by trying out some of the recommendations in this review in a number of High Street Pilots. The pilots could test out different ways of making it easier to do business on the high street as well as re-imagining our high streets as community hubs that are about much more than shopping. Pilots could be led by new Town Teams, with the findings disseminated for use as best practice guidance. Let's really roll up our sleeves and start *making things happen*.

### High streets of the future

I've come up with a few ideas to get the juices flowing. But it will be up to you to work out what you want your high street to look like. Ultimately the people should decide. The public should no longer be seen simply as customers but as co-creators of place. **At the heart of it, will be you.**

### Here are ten simple ideas I believe could work on our high streets

**The new "Town Team" town hall:** High streets should have meeting places again – what the town halls used to be. My "Town team" town hall is a place everyone knows about and knows to go to for all things local. Like a vibrant and busy 'solutions office' providing a range of services in a multifunctional social and service focused environment. A Town Team town hall would mobilise people to care.

**"Community Chest":** Beyond what funding can be provided by the key stakeholders I believe that if people knew that a pound from their purse added to a "Community Chest" would directly protect and enable their own high streets, then this could be highly motivational and have a long term impact which people could see for themselves.

**"Virtual" High Streets:** Today we all live online too. I would like Town Teams to create an online 'bottom up' virtual version of their high street which is the easy automatic 'go to' for all things to do with your local area. We could use online tools and software to get people thinking and talking about their high street, not as a 'council of despair' but to contribute in a positive way. The Virtual High Street would show you all offers, across all shops and businesses. There could be a My Town Loyalty Card which joins up all businesses together. In addition, the Virtual High Street creates a powerful social forum for people to share and discuss. There's real potential in finding who lives locally and what skills they can offer to their town.

**National Market Day:** Would-be retailers – or simply talented people who have something to sell – should be using indoor and outdoor markets as a step on the business ladder. A 'National Market Day' would promote markets and help them off the ground in our town centres. Why not rent out tables for a tenner and get everyone involved?

**The New Post Office:** Many online businesses are now looking for bricks and mortar, for example as a place for collecting all those deliveries from the things we buy online that few of us are ever actually at home to receive. The high street can play a part in that. These depositaries will become like a Post Office. We need to act now to ensure that these key new community services are located right on our high streets where we need them rather than in malls or out-of-town retail parks.

**Big shops being more than just shops:** Let's get some of the big brands on our high streets to think about incorporating more social and local activities into their in-store experience. We have had book shops bringing a coffee franchise inside for customers to relax, work or meet up while they browse and read. Why not turn that on its head? Get a coffee shop to bring in a bookshop. Put in Wi-Fi and make the high street the place to go for all those people working from home. Or ask the sports shop to offer a meeting point and drinking water for the local running club?

**Work-Shops:** Instead of working from home people should have the chance to come onto the high street and work together in 'hubs', re-appropriating vacant units to create a shared space where entrepreneurs can work and be creative with 'hotdesking' for startups. I want to see working co-ops in town centres using other vacant units as 'showrooms' for their products and services.

**Swapshop:** We should be investigating and encouraging a new type of community shop which brings into the real world the skills people have honed online through sites such as ebay. A place people can exchange and sell goods for money or services. So a fashion student could sell their designs in the same way as a gardener could swap his services with those of a plumber.

**Schools, gyms and youth centres:** why not use second floor spaces or vacant units for schools or early years centres, community-run gyms, yoga and nurseries? And youth clubs shouldn't be on the edge of town but at the heart of the high street. They shouldn't be tired spaces but vibrant centres which young people can make their own, and which are open at hours that suit them.

**Bingo:** Bingo is a brilliant way to bring people together for a bit of old fashioned community fun. Why can't we encourage more bingo nights on our high streets?

**Those are just my ideas.**

**What are yours?**

**Mary Portas**  
December 2011

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# Contributors

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