Government response to the Levelling Up, Housing and Communities Select Committee's sixth report on Supporting Our High Streets After COVID-19

Presented to Parliament
by the Secretary of State for
Levelling Up, Housing and Communities
by Command of Her Majesty

March 2022

CP 630

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at

Department for Levelling Up, Housing and Communities
Fry Building, 2 Marsham Street
London SW1P 4DF
Tel: 0303 444 0000

ISBN 978-1-5286-3261-4
E02733078 3/22

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office.

Contents

Introduction

We welcome the Sixth Report of session 2021-22 of the Levelling Up, Housing and Communities Select Committee inquiry in supporting our high streets after COVID-19, which was published on 10 December 2021. The Government has long been committed to supporting our high streets, and this support is now even more vital as the country emerges from the pandemic. This is why in July 2021, Government published the Build Back Better High Streets Strategy. The Strategy set out Government's long-term plan to support the evolution and regeneration of all high streets across every part of the UK into thriving places to work, visit and live.

We saw our high streets acting flexibly in response to the pandemic and have been great theatres of innovation. Businesses created new ways to trade with extraordinary speed and guile in the toughest of circumstances. Restaurants offered al fresco dining. Pubs operated as takeaways. And landlords transformed their properties into local vaccination centres. COVID-19 also accelerated trends towards online shopping and working from home. This creates challenges and opportunities for high streets. The traditional economic model of high streets is changing quickly.

The Committee's report raises important issues concerning our high streets and the government shares many of the Committee's key concerns. Work is already ongoing in many of these key areas, and Government has recently set out our approach to many of the recommendations in the report in the recently published Levelling Up White Paper. For example, to deliver a more transparent, simple and accountable approach, the Government is committed to Government will set out a plan for streamlining the funding landscape this year which will include a commitment to help local stakeholders navigate funding opportunities. Additionally, further guidance for arbitrators once the Commercial Rents (Coronavirus) Bill obtains Royal Assent was published in February 2022. The Government welcomes the recognition given to the good work which has already been done to support high street businesses through the pandemic, including the comprehensive package of support of £400bn, to help businesses that have been affected by COVID-19. We want to echo the thanks of the Committee to the extraordinary hard work of local authorities, the High Streets Task Force, business improvement districts and many other organisations for their work to champion and protect high streets.

Despite this, we recognise the importance of learning the lessons from the handling of the pandemic. This is why the Government has already committed to the public inquiry into the handling of the COVID-19 pandemic. Due to start in Spring 2022, the inquiry will play a key role in examining the UK's pandemic response and ensuring that we learn the right lessons for the future.

The Committee focused in its report on funding, business rates and taxation, and planning. On funding, the Government has considered has set out its approach to the future of local growth funding in the recently published Levelling Up White Paper, including further detail on funding consolidation as raised in the Committee's report. This response does not contain detail of the allocation method of the United Kingdom Shared Prosperity Fund, which is set to be published shortly. The Committee sought further detail on the Government's monitoring strategy for funding programmes, and we hope will be pleased to see that recently, further information regarding the Monitoring and Evaluation Strategies for the Towns Fund and Community Renewal Fund was published.

We welcome the Committee's recommendations on business rates and we are aware of stakeholders' concerns on this issue. The business rates system has been significantly reformed to reduce the burden of business rates on firms in the long-term. The government launched a consultation in February exploring the issues and potential impacts of an Online Sales Tax to help assess the case for and against implementing such a tax.

We want to create more vibrant, mixed use town centre areas which will attract people to shop, work and for leisure activities, ensuring they remain viable now and in the future. To do this we need a modernised and agile planning system – one which embraces digital technology, benefits communities and creates places in which people can take real pride. We are confident the reform of the Use Classes, along with the additional £65m announced as part of the Spending Review will support our high streets and town centres, enabling them to respond quickly to changing consumer demands. We will publish a response to the Select Committee inquiry report into permitted development rights in due course.

The Government shares the passion that local communities have for their high streets and wants to use this moment to build back better high streets. We are committed to helping high streets and town centres adapt and thrive as come through the pandemic. We shall endeavour to take the Committee's work into account as we move forward on this agenda.

Response to recommendations

The inquiry has looked closely at a wide range of issues affecting high streets and town centres and the Government has considered the Committee's findings and recommendations carefully in formulating its response below.

We welcome the Committee's consideration of the action needed from various stakeholders to support our high streets as we emerge from the COVID-19 pandemic. We believe the following responses to the recommendations demonstrate our strong commitment to helping high streets and town centres adapt and thrive.

The Committee has made recommendations on a number of key themes relating to high streets and town centres. Our response to these is given below. The text taken from the Levelling Up, Housing and Communities Select Committee report is highlighted in bold.

1. We commend the Government for acting decisively and quickly to implement a wide-ranging package that supported high street businesses during the COVID-19 pandemic. We additionally commend the Government for taking steps to avoid a cliff-edge of support, both by extending schemes beyond the lifting of restrictions, and by winding down gradually schemes such as the business rates holiday and coronavirus job retention scheme. While recognising the speed at which decisions needed to be taken, it is a matter of regret that there seemed to be a lack of co-ordination across Government. We also praise local authorities, Business Improvement Districts, the High Streets Task Force, and others, for their work on the ground to protect high streets and the public's health. (Paragraph 24)

2. The Government's commitment in its hospitality strategy to learning lessons from the pandemic for the hospitality sector is a welcome start, but it should do so for high streets and town centres in the round. Learning lessons will not only help central and local government be better prepared to support the high street through any future health

crises, but may also highlight opportunities for policy development to support high streets beyond the pandemic, such as the Government has done by extending pavement licenses. (Paragraph 25)

3. We recommend that the Government conduct a full lessons learned review that specifically examines the impact of the handling of the pandemic at central and local government level on the short- and long-term health of high streets and town centres. The Government may wish to consider high streets in its independent inquiry into the Government's handling of the pandemic, but given the pressing challenges facing the high street it should conduct a separate review immediately. The review should consider the various schemes on an individual basis as well as differential impacts by sector and by geography. It should consider the value for money of schemes that supported the high street, including how taxpayer money lost to fraud and error could have been prevented. The review should also consider how well high street businesses have been supported to implement COVID-19 public health measures, such as the Test and Trace system, social distancing, and guidance on wearing face coverings. As well as considering lessons learned, the review should consider opportunities arising from the COVID-19 pandemic for future policy development to support high streets and help them evolve in a post-pandemic world. (Paragraph 26)

4. While we consider that an immediate lessons learned review is needed, we recognise that the pandemic is not over. The Government should continue to monitor the impact of the full range of COVID-19 business support that affects the high street with a view to being prepared to adjust such support in case of a serious new variant or variants. (Paragraph 27)

The Government agrees with the Committee on the importance of learning lessons from the impact of the handling of the pandemic, and is committed to doing so.

Throughout the pandemic, the Government has continually monitored the economic impact of restrictions and the case for support to mitigate the damage to businesses and protect jobs. The ongoing assessments of impacts of current health measures and other non-pharmaceutical restrictions has been integral in the design of addition funding support for businesses on the high street, as announced by the Government in relation to new COVID-19 variants. On 21 December 2021, the Chancellor, Rishi Sunak, announced £1bn in support for businesses most impacted by Omicron across the UK.

We have engaged regularly with the retail sector throughout the pandemic and continues to do so. Safe working has been a large part of those discussions and the sector were engaged in the development of safe working guidance for shops. Minister for Small Business, Consumers and Labour Markets, Paul Scully MP, also holds regular retail roundtables and has done throughout the pandemic. These meetings touch on live issues impacting the sector and provide updates from Government on key areas of interest. Safe working continues to be a key message at these meetings.

As for previous funding schemes, data on the funding provided to councils to support their local businesses through the COVID-19 business support grants is published and available here: https://www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses. As for previous schemes, we will also monitor and publish data on funding spent per Local Authority as it becomes available. This will also depend on Local Authorities having the capacity to report back to Central Government. BEIS have commissioned an external evaluation of the Business Support Grant programme, for the effectiveness of its delivery.

Building Back Better High Streets

5. It remains the case that resilient, thriving high streets and town centres of the future will be planned in the round in collaboration with local authorities, the business community (including Business Improvement Districts), property owners and the local community. Strategies for high streets and town centres should combine a mix of uses including housing, offices (including shared workspaces), retail, hospitality, leisure, arts and culture, healthcare, physical activity, green space, seating, and child's play. These plans should be based on experiences and not just transactions, and be tailored to the needs and character of the individual area. Principles that local planners of high streets and town centres should explore include: creating experiences that cannot be found online; generating social value and not just economic growth; and supporting residents to move around because they want to, rather than because they have to. The Government should consider how these principles can be embedded within individual strategies for high streets and town centres across the country. (Paragraph 56)

The Government highlights in the National Planning Policy Framework the need for town centres to adapt and diversify to allow a more positive, flexible approach to changes in retail and leisure industries, planning for a suitable mix of uses which reflects their distinctive characters. It makes clear that planning policies should allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least 10 years ahead. The Government has put great emphasis on the importance of design, where planning policies should ensure that developments make an efficient use of land, promote a mix of uses, enhance the natural environment and support local facilities and transport networks. In addition, the National Model Design Code sets out clear design parameters to help local authorities and communities produce design codes and decide what good quality design looks like in their area. These design codes will apply to new housing as well as wider regeneration opportunities that could form part of the renewal of a high street.

As set out in the Build Back Better High Streets report the Government wants to go further and ensure that green infrastructure and public space improvements help level up our high streets. The new Levelling Up Fund and UK Community Renewal Fund provide an opportunity for places across the UK to bid for projects that can fund green infrastructure and improvements to public space and cycle lanes where this is likely to increase visitor numbers and contribute to successful high streets. This will be seen both through large-scale and structural improvements such as road improvements as well as through improvements on design, heritage and beauty, and communities will see the benefits of these investments on their high streets over the next few years. The government is working with local councils to make towns and high streets more competitive, and we want to increase green infrastructure, active travel, parking and accessibility.

6. In line with our predecessor Committee's recommendations and our report on the planning system in England, Local Plans and strategies for high streets and town centres must be updated regularly in order to keep pace with changing trends. This will also help

to identify how vacant units arising from the pandemic can be put to best use. A plan that is more than five years old will do little to support a high street for the future. The Government should also publish annually a list of which areas have strategies for their high streets and town centres and when they were last updated. (Paragraph 57)

The Government agrees with the importance of up-to-date Local Plans. Having an effective, up-to-date plan in place is essential in making good use of land, resulting in well-designed and attractive places to live. On 19 January 2021, a Written Ministerial Statement was made in the House of Commons which set out the importance of maintaining progress to get up-to-date Local Plans in place by December 2023. As part of the planning reforms, we are considering measures to support and improve the implementation of up-to-date Local Plans.

7. We welcome the £65 million for the planning regime announced in the Spending Review towards a new digital system, though more detail is needed on what this new system will entail. Additionally, this announcement falls significantly short of our previous calls for £500 million over four years for local planning authorities. We call on the Government to provide additional funding for local authorities to build place partnerships and place leadership. The Government could consider additionally allowing bids for government funds available for high streets to include budgeting for place leadership and placemaking resource alongside capital investment. We also reiterate our call for the Government's resource and skills strategy for the planning system to be published in advance of primary legislation. This strategy should include a focus on planning high streets and place partnerships. (Paragraph 58)

We need a modernised planning system – one which embraces digital technology, benefits communities and creates places in which people can take real pride. The additional £65m announced as part of the Spending Review is critical to achieving this vision.

Ministers are considering how to best take forward last year's proposals for planning reform, including the digital reforms, and an announcement on next steps will be made in due course. Making sure local authorities, and the wider planning sector, have the right capabilities to implement the reforms successfully is critical. The settlement reached will enable us to make the upfront investment in skills and capability required, and further detail will be shared in due course.

Government has been proactive in building capacity within Local Authorities within recent local growth funds. Both the Towns Fund and Levelling Up Fund contain dedicated resource for Local Authorities most in need to be able to produce the most robust bids. For the Towns Fund, capacity funding has enabled places to access technical expertise for business case development, run business and wider community engagement events, convene Town Deal Boards and develop comprehensive Town Investment Plans.

8. As our predecessor Committee recommended, retailers must adapt to changing consumer habits in order to thrive. Retailers should especially consider how to embrace online as part of their business model, not only as a channel through which to sell products, but also as a means of engaging with customers. The Government should consider how it can support smaller retailers to become multichannel through targeted investment. (Paragraph 59)

The Government recognises and understands the challenges faced by retailers. While the trend towards online shopping has been accelerated by COVID-19, 72% of retail sales in 2020 took place in stores and physical retail will remain an important route to consumers. Our Help to Grow: Digital Scheme will help up to 100,000 UK SMEs over three years to adopt digital technologies which can boost business performance. Eligible businesses will also be able to access a discount of up to 50% towards the cost of buying approved software, worth up to £5,000. Eligible businesses have been able to apply since January 2022.

The Government is clear that it wants to encourage all types of retail to thrive now and in the future and wants to support the sector as it evolves to respond to opportunities. We will continue to work closely with the sector through a variety of forums, such as the industry-led Retail Sector Council.

9. We recommend that place partnerships and, where possible, businesses, should continually review whether store opening hours are meeting people's needs and generating maximum custom as consumers settle into life after the pandemic. We recommend that places that cannot invest in footfall counting technology make use of the High Streets Task Force manual footfall counting programme to help assess opening hours. (Paragraph 60)

We agree that places without access to footfall data would benefit from the High Streets Task Force's manual footfall counting programme. Places can request a footfall dashboard on the Task Force's website, which gives them access to estimated footfall data that can be calibrated with manual counts. This can be accessed at https://www.highstreetstaskforce.org.uk/support-directory/footfall-dashboards/ This is part of the Task Force's wider online offer open to all places, which also includes webinars, training modules and a resource library.

10. The future of the high street will depend in part on where people work. It is therefore disappointing that the Government's impact assessment of its consultation on making flexible working the default does not consider high streets and town centres. The Government should assess the impact of making flexible working the default on high streets and town centres. (Paragraph 61)

11. With hybrid working likely to become more common, co-working spaces may offer an opportunity to attract footfall to smaller high streets and town centres. The Government should consider how co-working office spaces can be taxed fairly so as to stimulate high street business without harming local authority income or BID levies. (Paragraph 62)

The Government agrees it is important to consider the impacts of flexible working on high streets, and this has been built into policy development. The 2014 flexible working regulations provide employees with 26 weeks continuous service the statutory right to request a contractual change to the location, hours and/or timing of work. Under the framework, employers reserve the right to refuse requests for specified business reasons. The "Making Flexible Working the Default" consultation considered proposals to amend this existing regulatory framework. The impact assessment published alongside the consultation assessed the additional impact of those consultation proposals.

In terms of the potential impact on the high street, the key consultation proposal was to remove the 26-week qualifying period. This would mean that the statutory right to request flexible working would be available to all employees regardless of time served. In the impact assessment, we estimate that roughly 8% of employees have changed their jobs, or started one, within the last 26 weeks, meaning that an extra 2.2 million people could become eligible to make a statutory request for flexible working under the proposal – whether that is homeworking or some other form of flexibility such as part time work.

This reflects a relatively small proportion of the overall workforce who may change their work location directly as a result of the proposed regulatory changes, some of whom would consequently be using more services on their local high street. In addition, roughly half of employees will not have the option to work from home due to the nature of their work. Given this, we do not expect the proposed changes to have a significant impact on the high street overall. We will reflect this in the final impact assessment, should any legislation be introduced following the consultation.

12. We are disappointed that the Build Back Better High Streets Strategy does not mention markets and does not introduce any new initiatives for heritage. The Government should consider what further steps it can take to support markets and local heritage to build back better high streets. (Paragraph 63)

The Build Back Better High Streets Strategy represents the Government's high-level, long-term vision to support the evolution and regeneration of all high streets into thriving places. It is not intended to be an exhaustive list of all activities that contribute towards achieving the vision outlined but instead sets out a series of new and existing ambitious measures to help our high streets become clean, green, mixed-use spaces. Many, diverse sectors will contribute towards achieving this vision. The Government fully recognises the significant role that both markets and heritage can play in making successful places for the people who live and work in them.

Markets play a critical role in providing start-up business opportunities. The Government also recognises the social value of markets, which can bring a unique contribution to a place in terms of diversity, vibrancy and a sense of community. We have a close working relationship with stakeholders from the retail markets industry and engage with them on a regular basis, including through the Retail Markets Forum.

In December 2021, we made permanent a time-limited permitted development right allowing outdoor markets to be held by or on behalf of local authorities, following the success of the temporary right implemented in June 2020. This right was initially in place until 23 March 2021 and was subsequently extended to 23 March 2022. DLUHC has made this right permanent for an unlimited number of days, in order to support communities to hold outdoor markets and encourage the use of outdoor public spaces, both to support public health initiatives and the recovery of the high street.

We will continue to be supportive of the role of markets in high street recovery and regeneration. However, it is for local areas to determine how best markets can form part of a holistic strategy for mixed-use high streets.

As the Build Back Better High Streets Strategy demonstrates, Government recognises the importance of heritage assets in driving economic and social growth. Regenerating heritage assets can not only revitalise places, but local communities too, instilling pride in place and a shared history, enhancing wellbeing, as well as generating more footfall and economic activity. To help bring about this change, Government has been supporting heritage-led initiatives that put historic buildings and heritage assets at the heart of regeneration schemes. This includes the ongoing £95m High Street Heritage Action Zones programme (HSHAZ) operating in 67 places across the country and the £15m Transforming Places Through Heritage programme being delivered by Historic England and the Architectural Heritage Fund respectively The Burges HSHAZ in Coventry, run in collaboration with Historic Coventry Trust and Coventry City Council as an early demonstrator to the other 67 places has most recently won a Future Cities Forum Summer 2021 Award under the 'High Streets' category. These programmes are making places more economically active and attractive as well as engaging local communities in the regeneration of their places. Government will support these schemes as they continue to deliver for communities across the country.

13. The Government's commitment in its Build Back Better High Streets strategy to work with stakeholders on how property owners and community groups can be better engaged with Business Improvement Districts is welcome, albeit vague. This work should include consideration of how Business Improvement Districts can be supported to be their most effective, such as exploring whether renewal terms should be extended. The Government should commit to a review of whether additional models could be legislated for alongside Business Improvement Districts, such as Community Improvement Districts, Property Owner BIDs, and Place Improvement Districts. The Government should collect and publish examples of local initiatives that could serve as models. (Paragraph 67)

As highlighted in the Select Committee report, Business Improvement Districts (BIDs) have played a key role in supporting our high streets throughout the pandemic. We thank the Committee for their helpful suggestions on additional models that could be taken forwards and will keep them under consideration.

When considering the length of terms, it is also important that businesses who will be subject to the levy are permitted a democratic right to vote on payment of that levy at regular and frequent intervals.

The Committee recommends reviewing whether additional models of BIDs would be appropriate, and publishing case studies. BIDs currently allow for community representation and there are positive examples of property owners working closely with BIDs. The High Streets Task Force resource library also has numerous examples of how BIDs operate, work with different stakeholders, and have supported high streets and responded to change. These resources are available to all via the High Streets Task Force website.

14. We welcome the Government's intentions to reform the Compulsory Purchase Order process, which is overdue. The Government must publish further detail on proposed reforms to the Compulsory Purchase Order process without delay, along with timescales for reform. It should set out how it intends to streamline and simplify the process, as well as how it intends to ensure that local authorities have the necessary expertise. (Paragraph 71)

The Government will provide further details on its reforms to compulsory purchase shortly.

Government Support for High Streets

15. The Government's current approach to funding town centre regeneration—in line with its approach to allocating funding to local government generally—is too complex, short-term, and fragmented. Ultimately this funding approach may hamper rather than facilitate the Government's ambitions to build back better high streets, which require funding for long-term, comprehensive strategies for town centres in the round. The Government must move away from its current funding approach of multiple disparate grants for relatively small sums of money for which local authorities must compete, instead combining fewer grants of larger sums of money with a sustainable long-term funding settlement for local government and greater devolution of funding and powers. It should seriously consider not making the UK Shared Prosperity Fund a competitive fund. (Paragraph 92)

As set out in the White Paper, The UK Shared Prosperity Fund (UKSPF) will be allocated to local places across the UK.

The Government recognises the complexity in the existing funding landscape and has taken steps to address this. For example, the Levelling Up Fund provides cross-departmental capital investment in local infrastructure. The UKSPF will provide resource-focused investment to support people, boost pride in place and strengthen communities. But there is more that could be done.

To deliver a more transparent, simple and accountable approach, the Government will set out a plan for streamlining the funding landscape later this year. This will include a commitment to help local stakeholders navigate funding opportunities. This review will be guided by the following principles:

- reducing the unnecessary proliferation of individual funding pots with varied delivery approaches;
- streamlining bidding, and supporting greater alignment between revenue and capital sources;
- ensuring places have robust ongoing monitoring and evaluation plans for the impact and delivery of investments and spending; and
- tailoring investment and delivery to the local institutional landscape of each nation of the UK.

In Scotland, Wales and Northern Ireland, where local partners also need to consider funds led by devolved administrations, effective collaboration on UK-wide policies is important to maximise impact and minimise complexity. To maximise simplification across the country, the Government will share lessons from its efforts to streamline funding with devolved administrations.

16. The Government should keep to its commitment that the UK Shared Prosperity Fund will at least match receipts from EU structural funds. It should ensure that areas that would have been classed as objective 1 areas had the UK remained in the EU do not lose out on additional funds. As we recommended in our report on the progress of devolution in England, the Government should increase the total amount of funding for the UK Shared Prosperity Fund to ensure that English regions that would have been eligible for greater sums of structural funding had the UK stayed in the EU, and if the Government had strictly followed the EU's former allocation of funds, do not lose out as a result of the Government's guarantee to retain the existing amounts of funding for other parts of the UK. (Paragraph 93)

The Government agrees on the importance of keeping this commitment. UK-wide funding for the UKSPF will ramp up to at least match receipts from EU Structural Funds, on average reaching around £1.5bn per year. Spending Review 2021 fulfils this commitment, with the announcement of over £2.6bn for the UKSPF over the next three years, with funding reaching £1.5bn in 2024-25.

17. We urge the Government to publish measurable outcomes frameworks for each of the Towns Fund, Levelling Up Fund, Community Ownership Fund, UK Community Renewal Fund, and UK Shared Prosperity Fund. These frameworks should set out how the funds achieve the goal of levelling up high streets and town centres, taking into account areas that have not received funding. The frameworks should measure impacts on people and ensure that they do not simply count outputs such as the number of buildings that have been repurposed. The frameworks should have social value as well as economic growth embedded within them. (Paragraph 94)

18. It is important for the Government not just to evaluate the success of the individual funds, but also to have a clear framework for how the different funds will work together to achieve high street and town centre regeneration at the scale that is required in all the places the need it. The Government should set out an overarching evaluation framework for its Build Back Better High Streets Strategy, including how funds available for high street regeneration contribute to successful delivery of outcomes. (Paragraph 95)

Recently, further information regarding the Monitoring and Evaluation Strategies for the Towns Fund and Community Renewal Fund was published.

The Towns Fund published its Monitoring and Evaluation Strategy on 2 December 2021. The strategy sets out how the programme will both monitor progress against the intended targets to ensure the efficient delivery of the programme and assess the overall effectiveness of the programme once it has concluded. Metrics collected for evaluation span both the outcomes and impacts of the programme, from jobs created to improvements in individual wellbeing, the department is determined to assess and understand the full impact of our funding on our communities.

The Towns Fund Monitoring and Evaluation Strategy is available here: https://www.gov.uk/government/publications/towns-fund-monitoring-and-evaluation-strategy/towns-fund-monitoring-and-evaluation-strategy

The Community Renewal Fund published an update to its Monitoring and Evaluation guidance to places on 3 November 2021. This guidance builds on the approach taken by the Towns Fund and sets out the outputs and outcomes, project evaluation and programme evaluation. The guidance available on Gov.uk here: https://www.gov.uk/guidance/uk-community-renewal-fund-further-monitoring-and-evaluation-guidance-for-project-deliverers

Further information about the Monitoring and Evaluation Strategy for the Levelling Up Fund and UKSPF will be published in 2022. Where possible evaluations will use counterfactuals or other appropriate methodologies to understand the true impact of these programmes.

19. For each competitive fund available for high streets, the Government should publish the full list of local authorities whose bids were unsuccessful in each round. For future rounds

of bidding for these funds, the Government should consider requiring local authorities to state how much it cost them to put the bid together - whether using their own resources or capacity funding provided by the Government - and publish these amounts, to provide greater transparency about value for money. The Government should undertake a cost-benefit analysis of the bidding process to identify which local authorities do not have the resources to draft bids. This analysis should show the geographical applications and success of bids. (Paragraph 96)

On 3 December 2021 the department published the list of unsuccessful applications to the Future High Streets Fund component of the Towns Fund. The Town Deals component did not take bids: instead, towns were chosen through a robust selection process developed by officials. Neither component of the Towns Fund programme has any further rounds and both elements are now in the delivery phase. £300m previously set aside for a Towns Fund competition is now being delivered through the Levelling Up Fund.
Both elements of programme provided capacity funding to places to aid them in developing their proposals. The Town Deals element provided £16.4m in December 2019 to the 101 places shortlisted for Town Deals followed by a further £5m in March 2021. The Future High Streets Fund provided £150,000 of revenue funding to shortlisted places to aid them in developing their detailed business cases.

In the event that further rounds of these programmes do occur the department will consider the recommendations of the committee.

20. The Government should clarify whether any further funds will be available from the Towns Fund for competitive bidding, as was originally intended, or whether the Government's position is now that authorities who wish to compete for funding for Town Deals should do so by applying to the Levelling Up Fund. (Paragraph 97)

There will be no further rounds of the Towns Fund. Instead, in the interest of streamlining funds, £300m from the Towns Fund previously set aside for a competition is now being distributed through the Levelling Up Fund, using a competitive bidding process. This creates the opportunity for more towns to benefit from levelling up.

21. The Government should explain why such a high proportion of applications to the Community Ownership Fund were disqualified. For future rounds, the Government should ensure that the eligibility requirements are clear and well understood. The Government should also set out its justification for requiring communities applying to the fund to be able to provide half of the capital funding for their proposals, and should consider removing this requirement for future rounds of the fund. (Paragraph 98)

The Government agrees with the Committee's recommendation and will enhance the offer in the Community Ownership Fund and learn the lessons from the first, pilot bidding round. This includes a review of the round 1 prospectus and eligibility criteria, and considering how to best support local groups, building capacity in communities to maximise the impact of the fund.

22. It is clear that the High Streets Task Force is highly prized and should be commended for its excellent work in its first two years of existence, in particularly difficult circumstances. While the focus of the High Streets Task Force necessarily had to change with the COVID-19 outbreak, we are concerned that budgetary constraints limit the Task

Force in achieving its full potential and delivering the recommendations our predecessor Committee had for it. We are particularly concerned that the High Streets Task Force is being held up as the solution to a gap in skills and capacity for place leadership at a national level, when it is warning that it lacks the resource to do so. The Government should review the size and remit of the High Streets Task Force as soon as possible, with a view to increasing its budget. (Paragraph 103)

The Department for Levelling Up, Housing and Communities (DLUHC) is pleased with delivery of the Task Force programme to date and was pleased that the committee described its work as "excellent and to be commended." We keep the programme's remit under review and have previously increased the remit and budget in order to deliver its COVID-response framework and webinar series, which was well attended and well received by local authorities. We are confident that the programme is supporting high streets across England and that the expert delivery to an initial 70 LAs that was announced in March 2020 is making and will make a difference in supporting local leadership. Since the committee's report, we have announced 68 further local authorities to receive expert support from the Task Force. The current programme is contracted to run until 2024 and we will be reviewing the work of the Task Force programme ahead of the end of that contract.

Changes to Use Classes and Permitted Development Rights

23. We are concerned by the Government's confirmation that change of use from office to retail no longer requires a sequential test to protect main town centre uses, and we welcome the Secretary of State's recent commitment to us to look again at this issue. We reiterate our recommendation from our report on Permitted Development Rights that the Government should consider amending the use class regime to prevent out-of-town commercial and business premises from being converted to retail without having first gone through the sequential test. (Paragraph 115)

The Government thanks the Committee for raising this issue. To support our high streets and town centres to respond to changing market demand and provide for new and emerging business models, we reformed the Use Classes Order in 2020. The Town and Country Planning (Use Classes) Order 1985, as amended, is a key deregulatory tool, grouping together uses in classes and providing that movement between them is not development requiring planning permission.

The Commercial, Business and Service (Class E) use class brings together uses such as shops, offices, and restaurants commonly found in high streets and broadens it to incorporate uses such as gyms and creches in order to provide greater flexibility. The use class allows for a mix of such uses and for movement between such uses without the need for a planning application.

In order to provide maximum flexibility, as with most use classes, the Commercial, Business and Service use class is not limited in respect of size or location. As there is no planning process, there is no provision to consider a sequential test. To seek to add such considerations would undermine the flexibilities introduced to support high streets, adding planning process, and increasing demands on business and local planning authorities.

Separately, where such premises seek to change use to residential, we have ensured that the Class MA permitted development right for the change of use from Commercial, Business and Service use class to residential provides important safeguards in respect of the vacancy requirement and size limit.

We aim to publish a response to the Select Committee inquiry report into permitted development rights in due course.

24. We also reiterate our recommendation that the Government amend the prior approval process for the class MA right so that councils, in deciding whether to approve development, can consider the impact of a loss of ground-floor commercial, business and service use on the sustainability of a town centre or high street. Additionally, the Government should monitor the impact of the new use classes on high streets and town centres and report its findings to this Committee. (Paragraph 116)

The reform of the Use Classes will support our high streets and town centres, enabling them to respond quickly to changing consumer demands. It will support them to become places where people shop, use services and spend their leisure time.

The permitted development right for the change of use from Commercial, Business and Service use to residential will support high streets, drawing in new residents to add to the vitality of the area. The right is subject to prior approval by the local planning authority in respect of specific planning matters such as flood risk, noise and transport in order to mitigate any impacts on residents. Where high streets are in conservation areas, an additional prior approval applies allowing for local consideration of the impact of the change of use of the ground floor on the character or sustainability of that conservation area.

We consider that this provides the right balance between consideration of impacts on residents and the amenity of the area, with the sustainability of the high street. To go beyond this would make the process more onerous for applicants in respect of the requirements to be met and the information to be provided, and for local planning authorities in the demands placed on them to determine the application for prior approval.

We are encouraged to see recent reports suggesting high streets vacancy rates are in decline. Local Data Company data has shown that vacancy rates fell for the first time since 2018 in the second half of 2021.

25. Housing has a valuable role to play in mixed-use high streets, but we are not convinced that extending permitted development rights from Use Class E to residential is the right way to address either the housing shortage or the regeneration of high streets and town centres. We are concerned that the Government’s current approach may introduce so much flexibility as to create an imbalance between housing and other high street uses. We are not persuaded that the Government has sufficient evidence to justify extending permitted development rights in this way, without any pilots. As part of the review of permitted development rights which we recommended in our recent report on the same subject, the Government should include an evaluation of their impact on high streets and town centres, including Article 4 directions. (Paragraph 117)

Our aim in bringing forward the permitted development right for the change of use from Commercial, Business and Service use to residential is to support housing delivery, diversify our high streets and support the wider economy. We accept that this permitted development right has potential to deliver significant change. It is our view that the structural changes in our town centres require effective action to bring about change.

We have recently amended national policy in respect of Article 4 directions to ensure that they are targeted and well-evidenced so that there is a clear justification for their introduction and must only apply to the smallest geographical area possible to accomplish their objective.

Business Rates and Taxation

26. We welcome many of the Government's reforms to business rates, in particular the more frequent revaluations and the 12-month holiday from increases arising from investing in improvements. But we are concerned that they do not amount to long-term or fundamental reforms that will make a significant difference to high street businesses. The Government should set out its plan for when the 50% discount for retail, hospitality and leisure businesses comes to an end after a year, such as a permanent reduction in the multiplier. The plan needs to be for long-term reform of business rates that reduces the need for a complicated system of reliefs, and does not reduce income for local authorities. (Paragraph 127)

The government has significantly reformed the business rates system to reduce the burden of business rates on firms in the long-term. A move to 3-yearly revaluations will ensure that bills are more responsive to changing economic conditions and make the system fairer for ratepayers. Additionally, the Business Rates Technical Consultation closed on February, we are currently analysing responses to government's proposals to implement of new duties and administrative reforms which are designed to make the business rates system more accurate, transparent and simple. These new duties will support the move to 3-yearly revaluations and improve valuation accuracy by ensuring a more timely and comprehensive flow of information to the Valuation Office Agency (VOA), benefitting all ratepayers by ensuring that liabilities are more likely to be correct. The government has also provided targeted support for the high street with the 50% relief for retail, hospitality and leisure businesses, to provide stability ahead of the 2023 revaluation. The extension of the multiplier freeze for 2022-23 is a tax cut worth £4.6bn to businesses over the next 5 years, and will support all ratepayers, large and small, ahead of the revaluation in 2023.

27. We welcome the fact that the Government intends to compensate local authorities for its temporary business rates measures, though more detail on how it intends to do so is needed. The Government should set out how it intends to compensate local authorities for its temporary business rates measures. (Paragraph 128)

The Government will continue to compensate local authorities in full to cover the costs of granting temporary business rates relief measures, in line with the eligibility criteria set out in the guidance. Local authorities can claim compensation by submitting data to the Government, as part of their normal data returns, confirming the amount of relief granted in line with the criteria. This is a well-established process and individual authorities are responsible for ensuring that returns are accurate and reflect the amount of relief granted in line with Government guidance. The returns are certified by each authority's Section 151 officer.

28. We welcome the consultation on transitional relief, and recognise that more frequent revaluations will go some way to helping businesses pay the correct level of business rates for their properties' rateable values. The Government's consultation should consider how businesses in a downward property market can reach a stage where they are paying the correct rate more quickly than is currently the case. (Paragraph 129)

The Government is aware of stakeholder concerns that downwards transitional relief arrangements have often prevented bills from accurately reflecting actual property values. In 2023, the Government will implement a new transitional relief scheme, taking into consideration a wide range of stakeholder views, which will support businesses until the next revaluation in 2026. The Government anticipates that a move to 3-yearly revaluations will ensure that businesses rates bills are fairer and more responsive to changing economic conditions for all ratepayers.

29. We support the principle of an online sales tax and welcome the consultation. We particularly welcome that revenue from an online sales tax would be used to reduce business rates for retailers. The Government should provide clear timescales for the consultation. Since the future of retail is multichannel due to changing consumer habits, it is particularly important that an online sales tax does not penalise retailers that have both an online and bricks-and-mortar presence. We look forward to further detail on the scope of the consultation, which we recommend must consider:

- **the impact on multichannel retailers;**
- **the scope of the tax, including which sectors it will be levied on (such as groceries and holidays) and whether it will apply to Click and Collect**
- **how revenue will offset business rates for retailers in a meaningful way and on a permanent basis;**
- **how the tax may sit alongside work by the OECD to develop a consensus solution to the tax challenges of digitalisation; and**
- **the impact on local authority income. (Paragraph 130)**

The government thanks the committee for the consideration they have given to the proposal for an online sales tax (OST), which has been put forward by a range of stakeholders. HM Treasury published a consultation exploring the arguments for and against an OST on 25 February 2022. The consultation will be open for three months to 20 May 2022. The government has not decided whether to proceed with an Online Sales Tax. The government will be considering the issues raised by the committee as part of the ongoing consultation. That includes evaluating in detail the potential design of an OST, the economic impacts of such a tax, and assessing any stakeholders' concerns. As the committee notes, if introduced, an OST would raise revenue to fund business rate reductions for retailers with properties in England and fund the block grants of the Devolved Administrations in the usual way.

30. Building on its fundamental review of business rates, the Government should conduct a full review of taxes on high street businesses to ensure that they are fair, fit for purpose in a digital era, and generate economic, environmental, and social value. The review should include an analysis by sector and include possible targeted interventions. (Paragraph 132)

The Government's review of business rates has reduced the burden for all high street businesses, delivering reforms which will make the system fairer and more responsive to changing economic conditions. The review has also reaffirmed the importance of business rates for raising revenue for essential local services. As well as business rates reform, the Government is supporting high street businesses with the £3.6bn Towns Fund, which is unleashing the economic success of towns and high streets in England, a levelling up opportunity which will make towns and high streets more attractive, vibrant places to live, work and visit. This includes 101 Town Deals, totalling £2.35bn, which will be used to regenerate towns and deliver long-term economic and productivity growth through investments in urban regeneration, planning and land use, skills, heritage and enterprise infrastructure.

Landlords and Tenants

31. We welcome the steps taken by the Government to address the issue of COVID-19 related commercial rent arrears. Alongside the legislation that the Government has introduced, explicit guidance will be required to define exactly what is meant by ringfencing arrears and the periods to which ringfencing applies. As well as differences by sector, this guidance must take into account local restrictions. (Paragraph 136)

On 9 November 2021, alongside introduction of the Commercial Rents (Coronavirus) Bill, Government published a new Commercial Rents Code of Practice (https://www.gov.uk/government/publications/commercial-rents-code-of-practice-november-2021). The Code aligns with this legislation and sets out what the arbitration process provided for in the Bill will look like, as well as what is meant by ringfenced arrears, which can be found in the section of the Code entitled 'Scope'.

The Code also sets out the periods to which ringfencing applies in Annex A by providing the dates in which mandatory closures (in full or in part) were enforced by Government, by sector and accounting for local restrictions, across England and Wales. The table as laid out in the Code is intended to help parties understand the periods a business was mandated to close or permitted to trade within the ringfenced period.

Government has published further guidance for arbitrators to assist in the delivery of the scheme.

32. We are concerned that the Government's Build Back Better High Streets strategy does not mention Company Voluntary Arrangements. We recommend that the Government consults stakeholders to determine whether a review of Company Voluntary Arrangements is needed. (Paragraph 138)

The Government continues to believe that Company Voluntary Arrangements are a valuable tool within the Insolvency framework for rescuing businesses across the whole economy. However, recognising the concerns being raised by commercial landlords, the Insolvency Service has recently tendered for research into whether commercial landlords in certain sectors of the economy are unfairly treated in comparison to other creditors in Company Voluntary Arrangements, and how they interact with commercial leases. The findings of this research will inform whether any further review or changes to the framework are necessary.

33. We welcome the Government's decision to review the Landlord and Tenant Act 1954, part II, as recommended by our predecessor Committee. The Government should consider, whether separately or as part of the review, how to make commercial property ownership

more transparent and property owners more easily contactable, such as through a national register of landlords. (Paragraph 141)

The forthcoming review of the landlord and tenant legislation will seek to develop proposals for a framework that helps support the efficient, flexible use of space confirmed; further details will be announced in the coming months.

On the issue of making commercial property ownership more transparent, as set out in a Written Ministerial Statement made on 2 November 2021, Government remains committed to establishing a new beneficial ownership register of overseas entities that own UK property.

On 15 March 2022, the Economic Crime (Transparency and Enforcement) Act 2022 received Royal Assent. A new Register of Overseas Entities, requiring those behind foreign companies which own UK property to reveal their identities, will be created under the Act. Entities who refuse to reveal their 'beneficial owner' will face tough restrictions on selling the property and those who break the rules could face a fine of up to £2,500 per day or up to 5 years in prison. This will be a valuable tool for law enforcement agencies in investigating suspicious wealth. Companies House will now begin work to implement the register as quickly as possible, working closely with the UK's 3 land registries. Any foreign company selling properties between 28 February and the full implementation of the register will also be required to submit their details at the point of sale.

Skills and Transport

34. We are concerned that the Government lacks a joined-up approach for generating jobs on the high street and ensuring that those working on the high street have the opportunity to develop appropriate skills. The Government should set out its targets for high street employment and how they relate to its plans for skills and jobs. We also reiterate our recommendation from our report on devolution in England that the devolution of the adult education budget should be included in the devolution framework. This will help areas target their adult education initiatives towards skills gaps in their town centres. (Paragraph 145)

Through our skills reforms, we are helping more people get the quality technical skills that employers want – including by expanding our post-16 technical education and training offer; providing a more direct line of sight to jobs; and delivering courses more flexibly to meet employer and learner need. Locally, we are setting up the infrastructure to ensure that technical skills provision is better able to meet local labour market needs – including through the Trailblazers for local skills improvement plans and by reforming the adult skills funding and accountability system for further education colleges and other training providers. We want to see employers on the high street work in partnership with providers and local areas to help design qualifications and standards, and shape local provision that meets their needs (including by offering more apprenticeships and traineeships).

In 2021/22 approximately 60% of the adult education budget (AEB) is devolved to 9 Mayoral Combined Authorities and the Mayor of London, acting where appropriate through the Greater London Authority. These authorities are now responsible for the provision of AEB-funded adult education for their residents and allocation of the AEB to providers. The Education and Skills Funding Agency is responsible for the remaining AEB in non-devolved areas.

We have committed to devolving adult education functions and the associated core AEB to new areas in the Levelling Up White Paper, as long as the authorities cover functional economic areas, and have the required governance arrangements in place. We will continue to work in close partnership with devolved bodies to support their undertaking of education functions post devolution and are committed to open dialogue on how best skills provision and reforms can be shaped to fit the needs of local areas.

35. While we recognise that some provision of parking to access high streets and town centres is necessary for accessibility reasons, strategies for high streets should seek to minimise car use and increase public transport and active travel. The Government should commission a review of the relationship between local authority income and parking fees, with a view to reducing local authority reliance on income from parking. It should also set out a timeframe for introducing the new data standard. Separately, consideration should be given to requiring all new car parks to include secure cycle parking. (Paragraph 153)

The Government recognises the important link between parking provision and the vitality of our high streets and town centres, especially in towns outside of London where transport infrastructure does not allow citizens to use public transport.

Local authorities are responsible for developing transport plans that address the needs of their area. This not only includes providing adequate accessible parking but ensuring there are attractive alternatives to driving a car all the way to a destination, including suitable walking and cycling infrastructure.

We are aware of concerns that local authorities are using parking to raise revenue. Statutory guidance is clear that if a local authority does generate a surplus, they must reinvest it back into their transport budget. We are also aware of concerns that penalty charge notice (PCN) rates, especially outside of London, are too low to deter illegal and dangerous parking. It is important to balance the local authority income from PCNs with the need to ensure that PCN rates are acting as a sufficient deterrent to motorists.

We committed in the Build Back Better High Streets Strategy in July 2021 that we would consider what further reforms can be made to the municipal parking regime to make high streets more accessible and ensure join up with local transport plans. Once transport patterns have begun to stabilise following COVID-19, we will engage with local authorities on the issue of local authority income and parking services.

As the Committee is aware, the Government is currently in the process of implementing the Parking (Code of Practice) Act 2019, which includes the creation of a new single Code of Practice that will bring in greater regulation of the private parking industry, improve standards and provide consistency for motorists across Britain. The new Code, which was published on 7 February, includes higher standards for signage and surface bays and a mandatory 10-minute grace period to prevent parking companies issuing charges to motorists who are just a few minutes late. These measures will also be important in ensuring the accessibility of high streets and town centres.

36. We welcome significant government funding for public transport, though we urge the Government to clarify how much of its £3 billion for buses is for COVID-19 recovery

and how much is for investing in improvements. The Government should embed the accessibility of high streets by public transport—by people of all characteristics and from all backgrounds—in transport policy by:

- **including accessibility of high streets in the criteria for funding for local transport networks;**
- **including within new guidance on Local Transport Plans a requirement that high streets are adequately served by public transport and that these transport links are affordable and inclusive; and a requirement that Local Transport Plans are integrated with Local Plans;**
- **requiring funding for Bus Service Improvement Plans to be contingent on providing adequate, affordable and inclusive access to high streets; and**
- **including advice on ensuring that high streets are adequately accessible by bus within guidance, promised in the National Bus Strategy, on the provision of economic and socially necessary bus services.**
- **We also reiterate our recommendation from our report on devolution that the Government should consider the case for extending powers for Transport for London-style oversight of local buses to all transport authorities. (Paragraph 154)**

We have announced £3bn for buses over this Parliament. This includes money for bus improvement, zero emission buses and some of the support for the bus sector during the pandemic. The Spending Review confirmed £1.2bn for transforming bus services and a further £355m for zero emission buses. Overall bus funding for buses from 2020/21 to 2024/25, including through the City Region Sustainable Transport Settlements, will be over £5bn.

UK Government will support Local Transport Authorities (LTAs) to drive levelling up by publishing new guidance on Local Transport Plans, so that all LTAs can deliver updated plans by the end of this Parliament, with clear project pipelines and comprehensive strategies to improve local transport and reduce carbon emissions.

All Local Transport Authorities have produced a Bus Service Improvement Plan. Amongst other things, we asked for these Plans to include proposals for:

- Intensive services and investment on key corridors, with routes that are easier to understand;
- significant increases in bus priority (e.g. bus lanes);
- Fares to be lower and simpler;
- Service patterns to be integrated with other transport modes (e.g. rail); and
- Presenting the local bus network as a single system that works together, with clear passenger information

We are confident that all of these areas will help High Streets be more accessible.

We continue to review and assess the BSIPs covering all 79 LTAs and expect to provide details of indicative funding shortly. This will recognise that the budget available for transformation, including for Zero Emission Buses, is around £1.4bn for the next three years.

The National Bus Strategy was published in March 2021 which set out the Government's approach to bus franchising. The franchising powers within the Bus Services Act can currently be used by Metropolitan Combined Authorities (MCAs) at any time, but only by other Local Transport Authorities (LTA) with the Secretary of State's consent and new secondary legislation. We support the use of franchising and will allow any LTA which has the capability to do so to pursue franchising where it would not needlessly delay the provision of better services. This will include demonstrating the capability in traffic management necessary to ensure buses are prioritised appropriately. All Local Transport Authorities were asked to start the initial processes for either franchising or an Enhancement Partnership scheme in June 2021. Five authorities, all MCAs, indicated that they planned to develop proposals for franchising either on its own, or alongside a partnership.

37. We welcome government funding for active travel and reiterate our recommendation from our report on local government and the path to net zero that the Government should put funding for active travel on a consistent footing as opposed to a competitive basis. The Government should publish how additional funding for active travel will be allocated fairly and should ringfence funds for active travel projects that support the health of the high street. (Paragraph 155)

We recognise that funding competitions have their shortcomings, and are keen to provide long-term funding certainty for local authorities.

We will consider this recommendation carefully in deciding active travel funding allocations for local authorities for future years, working with Active Travel England.

We know that high-quality and well-designed active travel schemes can play a major role in boosting the health of the high street and will continue to work with local authorities to ensure that they take this into account.

38. To maximise the number of people accessing high streets by foot, bicycle, or public transport, the Government should ensure that the revised Manual for Streets includes clear guidance on how to make walking, cycling, and public transport accessible to people of all characteristics and backgrounds. The Government should also develop guidance to help local areas set their own targets for increasing walking and cycling, and this guidance should include advice on maximising the benefits for high streets and town centres. (Paragraph 156)

Section 6 of Manual for Streets already provides detailed guidance to local highway authorities on designing streets for all people regardless of age or reliability. This will be updated in line with latest best practice.

The Government's long-term strategy for walking and cycling published in Gear Change set an ambition for half of all journeys in towns and cities to be made by walking and cycling. The Department for Transport has already provided guidance and specialist planning support to local authorities to assist them with network planning for cycling and walking, which prioritises access to high streets and town centres.

39. Local authorities should monitor the social, environmental, and economic impacts of any changes to walking, cycling, and public transport infrastructure on high streets. (Paragraph 157)

The Department for Transport requires the impacts of schemes to be monitored as a condition of grant funding for infrastructure schemes. The Department is undertaking a national evaluation of the impacts of schemes funded through the Active Travel Fund.

40. It is disappointing that consideration of freight solutions for the high street is missing from the Government's Build Back Better High Streets strategy. Consideration of freight solutions should include how the use of more environmentally friendly freight solutions may be incentivised, such as 'last-mile' logistics by bicycle and greater rollout of electric vehicle charging points, as well as any legislation that may be required to limit emissions from freight vehicles. It should also consider how to balance the timing of deliveries with minimising congestion and minimising noise to residents at unsociable hours. (Paragraph 158)

The Government agrees that consideration of freight flows in and out of the high street and management of congestion is critical to its future success and environmentally friendly solutions should be encouraged. The Department for Transport have work underway to improve freight distribution in urban environments, for example work is ongoing with Local Authorities in Future Transport Zones to test future mobility solutions including those for freight, feasibility of urban consolidation centres is being examined, and we will be undertaking a review of guidance for Local Transport Plans, where urban freight should be planned for in combination with wider local transport requirements.

Local Transport Plans bring together Local Transport Authorities' responsibilities for planning, designing, delivering and maintaining local transport infrastructure, helping to focus strategic transport planning that is tailored to local circumstances and to transport needs of both people and freight. The Department for Transport (DfT) is committed to encouraging Local Transport Authorities to regularly update their Local Transport Plans to help facilitate efficient and sustainable freight networks now and into the future. As such, DfT is looking at revitalising its guidance on Local Transport Plans and will ensure freight is a key consideration in that review process.

To help drive the adoption of innovative solutions to last mile logistics the Government's broad and ambitious Future of Transport Programme supports industry and local leaders to secure the UK's position as a world-leading innovator. Key elements include:

- An Urban Strategy published in 2019 that helps cities, government and innovators to harness the various emerging mobility opportunities;
- A regulatory review of how transport regulations need to change to be fit for the future and how to address outdated regulation, which acts as a barrier to innovation; and
- A Traffic Technology Forum, bringing together local authorities and technology providers to jointly resolve challenges.

To supplement this, in 2020 the DfT announced a £90m funding boost for real-world testing of new transport innovation for people and goods in 3 new Future Transport Zones. Highlights for freight include:

- Research on how urban consolidation centres and last mile delivery can help make freight transport more efficient and sustainable in Portsmouth and Southampton;
- E-cargo bikes for last mile delivery in Bath, Bristol, Derby and Nottingham; and
- Drone delivery of medical supplies to the Isle of Wight.

Furthermore, as outlined in the Prime Minister's Cycling and Walking Plan ('Gear Change') published in 2020, the DfT has tendered in 2021 for a desk-based research project to examine the feasibility and requirements of a real-world pilot of a compulsory urban consolidation centre, to test whether such consolidation of goods will lead to fewer trips and therefore reduced congestion and emissions without producing unnecessary inefficiency and cost.

The Government is also in the process of finalising Future of Freight, a long-term cross-modal strategic plan co-developed with the freight and logistics sector, to be published early 2022. The plan will help deliver an efficient, resilient and environmentally sustainable freight system and will speak to the role of the planning system and the provision of zero carbon energy infrastructure for freight across the whole freight system.

The above approaches recognise that different solutions will be required in different places across the UK to manage congestion and emissions. Local and regional level organisations are often best placed to make the decisions that will deliver the required practical change.