REPORT TO:	Environment & Urban Renewal Policy & Performance Board
DATE:	25th March 2015
REPORTING OFFICER:	Strategic Director Children and Economy
PORTFOLIO:	Physical Environment
SUBJECT:	Policy Implications of recent trends in the high street/retail sector
WARD(S)	Borough wide

1.0 **PURPOSE OF THE REPORT**

1.1 To provide Members with a summary of the report 'High street and retail sector: recent trends and policy implications' and the policy recommendations for improving town centres.

2.0 **RECOMMENDATION: That**

1. **Members note the report; and**
2. **Give consideration to how the report can support the borough's town centre policies.**

3.0 **INTRODUCTION**

3.1 The report 'High street and retail sector: recent trends and policy implications' was commissioned by Department for Business, Innovation and Skills (BIS) and published in December 2014. The aim of the report is to understand how town centres are responding to broader trends in consumer behaviour and preferences, and to recommend policy responses to these trends tailored to various 'types' of town centres.

3.2 The report is divided into two main parts:

Part 1 of this study uses data-analysis to identify town centre types. It analyses historical trends in things such as:

- high street vacancy

- centre size
- the prevalence of and number of charity shop chains.

This is in order to understand how different types of centre have fared over the past decade. The analysis was undertaken at a national level and served to set out 'first principles' which might be applied in similar locations. The town centres in Halton were not part of the study although some of the report's findings may help to inform future policy decisions regarding the borough's town centres.

3.3 In part 2 of the report, this typology of town centres is then applied to 10 case study town centres in 2 Local Enterprise Partnerships (LEPs). This part of the research looks in detail at how local policies and strategies are trying to deal with changes in the high street.

3.4 The 10 case study analyses relate to Leeds, Harrogate, Croydon, Dewsbury, Billingshurst, Newhaven, Lewes, Wombwell, and Hebden Bridge.

3.5 The report's conclusions suggest a growing polarisation between thriving centres operating as hubs within sub-regional economies and 'struggling' centres often catering to limited local markets.

3.6 Policy recommendations stress the importance of focusing on distinctive local assets and circumstances, creative and flexible approaches to declining demand for retail usage, strong public-private partnerships and of co-ordination among centres within a sub-regional economy with distinct offers and performing different functions.

4.0 SUMMARY

4.1 High streets and town centres have figured prominently as a subject for research and policy prescription for many years, including The Portas Review; The Grimsey Review 'The Vanishing High Street'; and the Centre for Cities report, 'Beyond the High Street'. As a result the key trends impacting on the UK's high streets have been dealt with at length. They are summarised as follows:

- Changing consumer expectations, and a preference for a combined retail and leisure experience;
- Consumer demand for convenience, manifest by 'mega' supermarkets with a large non-food offer and more recently a move towards smaller format 'convenience' supermarkets in

town centres;

- Online shopping and multi-channel shopping (including in-store, online, click and collect);
- A rise in the popularity of out-of-town retail, particularly for larger purchases such as furniture and garden equipment;
- An ageing demographic;
- Increasing homogeneity within and between centres;
- Difficult economic conditions, with consumers increasingly turning to discount stores.

4.2 In this report's conclusions, it is argued that at the heart of the debate about the future of the high street, is the question of how more people can be encouraged to use the high street more frequently.

4.3 Recent data indicates that town centres returned to growth in 2013, driven particularly by the food sector. There is also evidence that high streets have out-performed out-of-town shopping centres in terms of vacancy levels, driven by discount stores and smaller-format supermarkets. There is a general anticipation of a new era of retailing focusing on convenience, value for money, and a demand for authenticity.

4.4 Forecasters expect the resurgence of town centres to continue. However, they also expect that space and store numbers will decline along with the growth of online shopping and that discount retailers will continue to thrive. The implications for high streets include a reduction in the number of high street retailers, a change in the composition and offer of the high street, reduced spending in town centres, and a polarisation of centres, where the successful continue to thrive and the weak continue to struggle.

4.5 Policy recommendations within the report are made for four 'types' of centres, derived from data analysis on trends over time for vacancy rates, charity shop floor-space, independent floor-space, the number of units and floor-space. These four types of centres also frame the ten detailed case studies. The different town centre types set out within the report are as follows:

Type 1 centres: Large homogenous, thriving.

These are centres where retail accounts for the majority of the offer and shoppers visit for the choice of comparison goods. The immediate economic context i.e. economic performance measures such as gross disposable household income, % working age population unemployed etc. is less relevant. They have low, stable vacancy rates and are increasing in size over time as their popularity with shoppers attracts new investment.

Type 2: Medium sized to large, diverse, and struggling.

Such town centres have a smaller catchment size, and economic context has more of a bearing. High vacancy rates the norm. They tend to the more diverse with non-retail, such as leisure spend, a larger proportion of total spend, though this is likely to be a reflection of the low-value nature of the goods on offer, rather than high spending on other activities. There is a greater emphasis on convenience goods.

Type 3: These town centres are small to medium sized, weak local economic context, struggling. They have had high vacancy rates for years and are convenience goods driven. They have a relatively small number of comparison goods and serve a local community.

Type 4: These town centres are small, local and have a strong local economic context. According to the study, they punch above their weight in comparison goods terms in respect of their catchment but are more reliant on local custom for convenience revenue. They are characterised as "destinations" for leisure (restaurants, bowling, cinemas etc.) and retail spend is important.

5.0 Conclusions

5.1 The conclusions of this report 'High street and retail sector: recent trends and policy implications' re-state many of the recommendations made previously in reports such as The Grimsey Review: 'The Vanishing High Street'; The Portas Review and the Centre for Cities report, 'Beyond the High Street'. Examples include:

- Make improvements to parking, public transport accessibility.
- Promote flexible planning to allow for adaptation to local conditions, for example by making conversion of retail space to residential easier where appropriate and the use of vacant units for temporary and community uses.
- Mixed use and encouraging a night time economy as well as

evening and day use.

- Make selective use of Compulsory Purchase Orders to bring together potentially successful sites and provide premises that are commercially attractive.

- Dealing with negligent landlords by using the various powers available to councils to try and get landlords that have allowed their buildings to fall into disrepair to at least make them more presentable in order they are not having a negative impact on the area.

- High street neighbourhood plans, which are Plans developed with local businesses and communities and should include consideration of what social and retail mix local people would like to see and what kind of shops and services they value.

- Community use of empty properties.

- Making libraries digital hubs, and promoting digital technology.

- Concentrating retail in core retail areas.

- Encouraging the formation of town centre management decision-making, such as town centre partnerships that include informal set-ups (e.g. Town Teams) as well as private sector-led partnership-based initiatives such as Business Improvement Districts (BIDs), where there is a clear business plan with a strategic vision for the area.

- 'Sense of place' measures, for example, develop local policies that build on the unique character of the area.; smaller town centres can create a niche shopping and leisure experience to complement larger neighbouring towns and out-of-town retail.

- Place marketing and branding.

- New forms of public/private investment, for example in Leeds and Croydon where private sector investment in new and redeveloped town centre shopping malls has taken place.

- Ensuring retail diversity and complementary retail offer.

- Local authorities working together and sharing best practice

5.2 However, it is argued that town centre policies are essentially defensive in seeking to protect town centre activities rather than promoting new activity. Town centres are still viewed largely in terms of retail by decision makers, and retail is seen in terms of catchment areas and competition with other town centres outside the local authority area. It is argued that there is currently little collaboration between town centres, particularly at the local authority level, although most local authorities think about town centres as part of a hierarchy for planning purposes. There could be more focus on the importance of town centres to the economy and a role (perhaps for LEPs) in coordinating town centre practitioners to work together to achieve mutually beneficial improvements. Re-stated is the importance of interactions between towns in a wider economic area which is crucial to the decision making process relating to town centres.

5.3 The recent 'Centre for Cities' report is highlighted in the context of the importance of office space as a driver of daytime footfall. However, it is also noted that demand for office space has been falling in some of the case study areas, which is being addressed by encouraging the conversion and redevelopment of surplus office space to other uses and by improving and updating the stock of remaining office space.

5.4 Among 'new' instruments that could be considered is neighbourhood planning, seen as potentially an effective way of bringing about change in high streets. As an example, Neighbourhood Planning seeks to give local people the opportunity to shape and inform local policies and in a town centre context can lead to greater ownership of activities and initiatives and services provided in the town centre. However, evidence suggests that few communities are making high streets their primary focus, with housing being the priority for the most part. Re-stated is the importance of shaping policy around the unique characteristics of each town centre and high street.

5.5 Towns that have focused on diversifying their offer and introducing more leisure activities, increasing the attractiveness of the town centre, have seen good results. A number of the case study areas have been assisted by the new permitted development rights in encouraging the temporary use of vacant shop units such as pop-up shops or artists' galleries and even health facilities. In these cases this has contributed to the vitality of the high street by increasing footfall, enlivening the area and reducing unsightly boarded up windows as well as helping landlords meet property costs.

5.6 Markets can be a popular town centre facility for local people and can significantly add to the retail presence and diversity in a town centre. Two of the case study areas have dedicated market days which significantly add to footfall. Small scale initiatives such as shop front.

5.7 The emergence of a number of Business Improvement Districts (BIDs) and Town Centre Partnerships has had tangible effects on high street performance hence the Halton BC's support for a retail BID in Runcorn.

5.8 The case for the decentralisation of decision making powers for particular town centres types is considered. The case study research showed that permitted development rights were welcomed in some improvements can make a difference to the attractiveness of a town centre areas, where planning authorities were keen to let the market dictate the pace of conversion, but in other areas this change was resisted due to fears of loss of office space and harm to businesses, and several local authorities have applied for exemptions from the policy. It is argued that for each town centre local authorities and neighbourhood groups should take the lead in supporting the high street and in promoting collaboration with businesses and other stakeholders in the town centre, as well as with other town centres both within the local authority area and beyond. This, it is claimed, will help encourage greater innovation and confidence in exploring new policies.

6.0 POLICY IMPLICATIONS

6.1 The report presents a number of remarks and observations which could be considered in the context of improving town centre vitality in Halton. This is because such remarks and observations might offer a different approach to how we manage our town centres in the future, because they challenge previously held assumptions concerning what makes a town successful/unsuccessful.

A summary of these observations and their suggested relevance to Halton is set out below:

1. Town Centres are not static. This reaffirms the trend in Halton of the location and focus of our town centres changing over time. Perhaps this is something to be embraced rather than resisted.

2. Vacancy rates have been rising both in thriving, and struggling centres. This refutes the perception that it is only lesser town centres that have struggled during the recession

3. Charity shops floor space is an increasing trend across all areas but particularly in medium sized centres. This trend is prevalent in Widnes and Runcorn.

4. Overall, independent retail space has risen. This counters the perception that town centres are dominated by chain stores. In fact, taking Runcorn as an example, there has been a greater focus on local niche shops.

5. Most centres have not seen drastic expansion or contraction over the last decade. This appears to be the case in Halton's town centres.

6. Regardless of performance or popularity there has been little change in the quantum of floor space. In fact, thriving centres in a strong economic context have seen continued low vacancy rates but reductions in the same number of retail units. In such areas, freeholders and investors have been quick to renew the town centre offer which could have helped to keep vacancy rates down and footfall up. This could be a policy consideration for Halton BC i.e. a reduction in retail floor space may not be to the detriment of the town centre, if it is replaced by other demand-led provision. For example, in successful centres, if retail demand is down vacant buildings will be converted into residential or other uses.

7. An interesting conclusion from the report is that "size is neither a necessary nor a sufficient condition for town centre success". This presents an interesting challenge for our

borough given that the perception locally is that our town centres are either too small or in too close a proximity to competing areas.

8. The report sets out different town centre types. As a result, this will help us to better understand the type of town centres we have in Halton and develop strategies that ensure that we develop them as type 4 centres described above and, therefore we will be able to develop policies that better serve the needs of these town centres.

7.0 **OTHER/FINANCIAL IMPLICATIONS**

7.1 At this time, the report is for information only so there are no financial implications. However, should any of the report's recommendations be considered for implementation, then financial implications would need to be addressed at that time.

8.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

8.1 **Children & Young People in Halton**
There are no direct policy implications for Children and Young People in Halton. However, improving town centres is likely to benefit all of the community of Halton.

8.2 **Employment, Learning & Skills in Halton**
There are no direct policy implications from the report; however policy implementation that improves town centres is likely to offer an increase in employment opportunities within the retail and leisure sector.

8.3 **A Healthy Halton**
There are no direct policy implications on health from the report.

8.4 **A Safer Halton**
There are no direct policy implications from the report; however policy implementation that improves town centres would also need to address community safety issues.

8.5 **Halton's Urban Renewal**
There are no direct policy implications from the report; however policy implementation that improves town centres would impact positively on urban renewal.

9.0 **RISK ANALYSIS**

9.1 As this report is for information only, there are no risks at this time.

10.0 **EQUALITY AND DIVERSITY ISSUES**

10.1 **None**

11.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Document	**Place of Inspection**	**Contact Officer**
High street and retail sector: recent trends and policy implications	Rutland House, Runcorn	Debbie houghton
https://www.gov.uk/government/publications/high-street-and-retail-sector-recent-trends-and-policy-implications		