

Housing, Communities and Local Government Committee

Oral evidence: Supporting our high streets after Covid-19, HC 37

Thursday 13 May 2021

Ordered by the House of Commons to be published on 13 May 2021.

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Florence Eshalomi; Rachel Hopkins; Ian Levy; Andrew Lewer; Mary Robinson.

Questions 99 - 143

Witnesses

[I](#): Sir John Timpson CBE, Chairman, Timpson Group; Darren Pearce, Centre Director, Sheffield Meadowhall; Nigel Connor, Company Secretary, JD Wetherspoon; Lee Frankham, Retail Director, EE & BT, BT Group.

Examination of Witnesses

Witnesses: Sir John Timpson, Darren Pearce, Nigel Connor and Lee Frankham.

Chair: Welcome, everyone, to this afternoon's session of the Housing, Communities and Local Government Select Committee and our continuing inquiry into supporting our high streets after Covid-19. We have a number of retailers who are going to be our witnesses this afternoon, and I will introduce them in a minute. To begin with, Committee members will put on record any particular interests they may have that are relevant to this inquiry. I am a vice-president of the Local Government Association.

Bob Blackman: I am a vice-president of the Local Government Association and I employ a councillor in my office.

Ian Levy: I am a member of the towns board for Blyth and I employ a local councillor in my London office.

Rachel Hopkins: I am a vice-president of the LGA and I employ a councillor. I am no longer a councillor after 7 May.

Mary Robinson: I am a member of the Cheadle towns fund board and I employ a councillor in my staff team.

Ian Byrne: I am still a serving councillor in Liverpool, and I employ a councillor in my office.

Andrew Lewer: I am a vice-president of the LGA and, in addition to my

entry in the register of interests, I am a board member of Northampton Forward.

Florence Eshalomi: I am also a vice-president of the LGA. As of last week, I am no longer the London Assembly member for Lambeth and Southwark, and I shop too much on the high street.

Darren Pearce: That is what we like to hear.

Q99 **Chair:** On that point, we can come to our witnesses and the reason why we are here today. Thank you all very much for joining us. We all know that Covid has been a really challenging time for us in the last 12 months, but particularly for retailers, who have had a really bad experience, for the most part, in terms of the impact it has had on them. You are welcome this afternoon to come and share with us your experiences, what you think has been done correctly, the problems that you have experienced, things that perhaps could have been done better, and how we want to move forward in a constructive way. I am going to ask our witnesses to introduce and say a bit about themselves, before we go on to questions.

Darren Pearce: Good afternoon. My name is Darren Pearce. I am centre director at Meadowhall shopping centre, as you can see with the imagery behind me; it is nice advertising. The shopping centre is based in Sheffield, within Clive's constituency. Along with many others, I take a role in the wider city region. I have been involved as a founding director of a skills academy here in Sheffield called The Source. I am a past president of the chamber in Sheffield. I currently sit on the city's growth board as well. As part of my main role, I have a wider city region role.

Nigel Connor: Good afternoon and thank you for inviting me to assist you this afternoon. I am company secretary for JD Wetherspoon. My role gives me a broad overview of all the company's operations, particularly in respect of Covid-19 and the company's response to it. I note that we have pubs in a number of your constituencies, although not in some. Overall, we have 870 pubs in the United Kingdom and the Republic of Ireland, many of which are in high streets and city centres. Hopefully, we can give a broad perspective of the hospitality industry, how it has been affected by the pandemic and how we can plot a way forward.

Sir John Timpson: I am John Timpson, chairman of Timpson Ltd. I try to keep my son, who is the chief executive, in control. This time last year, we had 2,150 shops closed, and I am very pleased to say that, as of today, we have pretty much exactly the same number open. It is actually 2,175 shops, because we opened a number of branches fairly recently. Two and a half years ago, I chaired an expert panel and was the author of the high street report that we discussed at that time.

Lee Frankham: Thanks for inviting me. I am going to be representing retail, as the retail director of EE and BT throughout the UK. We have 583 shops and 4,500 frontline staff. I also work with retailTRUST and *Retail Week*, so I have a huge interest in what we are going to talk about today.

Q100 **Chair:** Thank you all very much for joining us today. The first issue to have a look at is how we are now moving out of lockdown and reopening the economy, and the roadmap out of lockdown. We previously had the tier system, which was another way of addressing the problems. Throughout all these measures, have the interests of the high street been properly supported or are there lessons that we can learn about how things might be done better?

Darren Pearce: I have been involved in Meadowhall since 1994. Meadowhall involves all the people represented today. We have Timpson, two EE stores and a Wetherspoons, et cetera, so we represent a very broad church of offer within the environment. What we have seen over the last year has been, without doubt, the most unprecedented set of events. I have been here 27 years and seen lots of things come and go. We went through a health crisis and we are running through an economic crisis, but there is a broader impact on wider society as well.

If you look at the context of Meadowhall, which is reflected through the retailers that are represented today, we have been open throughout. We have represented essential retail throughout that period of time, but for six months of that fiscal year we have been closed. The worst crisis we had in the past was a six-day closure due to a flood, and that had a huge impact on the centre. Running through that period and managing our situation out of it is now a very challenging set of circumstances that we all find ourselves in.

One of the big things that I would like to reflect through to everybody is that confidence is critical, and has been throughout this whole process. It is not only confidence within our team's environment and our own organisation, but, in the role that I fulfil, it is confidence in the wider environment, which we then project on to retailers in how we operate the centre, how we work with retailers and how we come together on that front. It is also confidence in terms of shoppers and how they have come into our environment. That momentum and issue has maintained itself throughout.

The critical thing for me now, coming out of this period, is that some of the trends in the market are going to reflect how people win and lose in this market. That is very evident now in what is happening. Maintaining our retail line-up and moving forward with the offer is critical.

There are five things that have really come out of Covid for me. Online migration has accelerated beyond all recognition and beyond what I ever thought it would be. There is a five to 10-year acceleration on that front. Polarisation is kicking through very strongly now, so there will be polarised markets in terms of where retailers will go, with big mega-centres like Meadowhall offering everything under one roof, as well as a real focus on independents, in terms of people's focus on their own communities and sense of being within them. The whole alfresco and outside thing is really kicking through.

The biggest thing, which is what I want to end my section on, is the sense of community and coming together, and the whole thing around environment. That sense of togetherness has been a strong theme throughout. The way that I have seen the centre come together, along with external Covid response teams and Government agencies, the response that the Government have given, the way that retailers have come together and the way that we then move the whole centre forward to come out of this crisis, systematically unlocking the centre, which is happening now, with another phase happening on Monday, are really key.

That sense of togetherness has really held us together in terms of exiting very positively. We have seen a very positive set of results. Footfall is down but sales are on a par with, if not slightly in excess of, two years ago, so we are exiting very positively, with good momentum around measures, around the vaccine and around that sense of togetherness. That is my summary of where we have been.

Nigel Connor: Hospitality has been at the sharp end of the restrictions. Looking back to the first lockdown, the industry has probably borne the economic brunt of many of the restrictions that have been in place. We reopened last June; we had "eat out to help out"; and we had a period of normality over the summer. Gradually, as infection rates rose, we saw the tiers and the 10 o'clock curfew introduced, which led, inevitably, to the brief lockdown in November and then the third lockdown, which we are just coming out of now.

From being a very profitable business, with money coming through the till and all our pubs being open, we, like lots of hospitality operators, simply closed down overnight, with no money coming in. Like others, we struggled to make that adaptation. We were able to do that and, as an industry, we moved very quickly to deal with what we needed to deal with, and then to deal with all the issues that we had to face upon reopening in terms of introducing Covid-secure measures, which remained in place all the way through and did so effectively.

We are partially open now, on an outside-only basis. We are looking forward, in England, Wales and Scotland, to being able to reopen our pubs on Monday. We have seen, as you will have seen in the media, that there is an appetite for people to get back out and socialise, even outside and even in the relatively cold weather that we have had this spring. We are positive that, from Monday, we will see that growth going forward.

The impact of online sales and things of that nature has not directly affected the hospitality industry, but we have a vested interest in vibrant high streets and town and city centres, and we really are looking forward to working with all the stakeholders in that space to ensure that, going forward, we can all bounce back.

Sir John Timpson: I would never have believed that we would be in such a good position as we are now, had I been thinking back a year ago. Through the last 12 months, there have been plenty of periods of

frustration in the moment, but we have put that behind us. There is an element of people overplaying how much the high street has been affected by all this and how much online has taken over. I would reflect exactly what was said there. In our main business, over the last few weeks, we have been clocking up sales that are slightly ahead of 2019.

Reflecting what has been said regarding hospitality, I have realised more than ever before what a contribution hospitality makes to the high street. It will be much better next week, when people can go inside as well as outside, and that will attract more and more people. We are in a much better place than we expected to be, but it affects different people in different ways.

In our core business, the shoe repair business is extremely poor, because people are not going to the office and they are not wearing the sorts of shoes that get repaired. Key-cutting and watch repairs are very strong. Dry cleaning is hopeless. You can work that one out: people are not wearing suits, not going to the office, not going to parties and not doing any entertaining. In the photo business, we are suddenly seeing a take-up of passport photos over the last two or three weeks.

Overall, the thing that has made a massive difference is the people in our business and how they have reacted to it. They have been absolutely fantastic. We have learned a lot more about communicating with people as well. Having to move with a week or two's notice, and having to completely change things overnight, they have just taken it on board. There is a danger of exaggerating how much change has occurred. Whereas I have said in the past that a 10-year change on the high street has happened in a year, in fact I do not think it is anything like that.

I feel for Darren. Having gone round Meadowhall about two weeks before Christmas, when all the clothing shops and non-essential retailers were closed, there was no atmosphere. There were no customers, and yet, suddenly—I have not been there, but I went to the Arndale in Manchester—it is all coming back to life. There are fewer holes and empty shops than I expected, so I am much more cheerful than I thought I would be.

Lee Frankham: We are in the same sort of situation as John and Darren described. We closed the stores three times. When we reopened, we had different approaches, depending on where they were in the country. In Wales, for the last reopening, we were classed as essential, which was really good for our customer base, especially the older generation, who relied on us to support them with their digital needs. However, that did not transpire in Ireland, Scotland and England, which is a bit of a shame.

I agree with what John said about what we have learned. There has always been the concern that people would march with their feet and all go online if retail was not around, but we have definitely not seen that. We have seen that people are hankering for the face-to-face service that you get only on the high street. People are looking forward to getting out and about, and having a reason to go back out and interact with people.

We are seeing that. As Darren said, sales are strong. Footfall is down, but our sales are strong and we are in a good position.

It has become really apparent that the product we sell is more essential than ever. People need their broadband at home to work; I am sure you have all been working at home. They need their mobile phones to work. They need this technology more than they have ever needed it before to stay connected, to feel like they are still part of their community and their industry, and to continue to operate as they would if they were going into the office. We have definitely seen consumer reliance on the products that we sell, and so, more than ever, we have become an essential part of what our customers deem to be important as they operate both their personal and their business lives.

I agree with what John said. The energy out there on the high street is good. Some of the things that have been done to ensure that a lot of these retailers can maintain a presence are very important. We have definitely seen a different shape, and I am sure that Darren will testify to that, in that people are shopping differently across the UK. London is tough. The big regional malls like Sheffield Meadowhall are suffering at the moment, probably because you cannot eat in them or go there for the day as you perhaps would have done previously. The smaller towns and out-of-town retail parks are transacting even better than they were pre-lockdown, as people stay more local, which is a positive story for local communities. I do hope that we get back to the big regional malls soon, perhaps on the 17th, Darren, when we can eat in.

Darren Pearce: I am pretty sure that is the case.

Q101 **Chair:** Can I pick up some of those comments? There have been some very particular issues around the restrictions, such as social distancing, wearing a face mask, and restrictions on indoor hospitality. Does anyone want to comment on how they have impacted you, the particular issues around those measures, some of which are still in place, and whether they could have been done better and with greater clarity?

Darren Pearce: We have been through various lockdown scenarios, all driven by the right reasons. They were driven by data and by circumstances. We can argue whether they should have been quicker or slower, but we all stick by where we have got to now in terms of how we are exiting this with case numbers significantly down and the vaccine rollout. We are in a really positive place currently.

Rules had to be rushed through very quickly and could not account for all the circumstances that we all found ourselves in, with different environments being legislated for. What I have found particularly effective on the ground is that our Sheffield Covid response team took views on board. We had various conversations along the way as well in terms of making representations on certain issues as they have developed, to make sure that we properly adapted to the environment and had a safe and confident environment for our customers to come into.

One particular example was the food to take home issue that existed before Christmas. I know we had a number of conversations on that. Now, with the current regulations that are in place, we are allowing external dining to take place. Initially, that was by order from the table, so it was quite a complicated set of arrangements to put in place. Thankfully, with the right representations that were made, those measures were adjusted as we headed towards 12 April, and sensibly so, to make sure that environment was managed in the right way.

By far the most conflicted and combative situation has been on the wearing of face masks. The fact that we have a blanket exemption option for people means that, especially in our environment, we cannot challenge people beyond asking whether they are exempt, and people are very aggressive in the way they come back on that. That has been the biggest permeating factor since it came into force.

We all understand why face masks are in place and, for the safety of everybody, we are out there very actively advising people who come to Meadowhall, but we have had kickback. I am not profiling here, but it is the classic that we have seen across the country: teens to 20s, and younger guys who just do not bother at all. They just tell you that they are exempt because they have asthma. We cannot pursue it any further than that. That has been one of the biggest points of frustration for us, because that still persists now.

As we head on to the 17th and people can dine internally, we are going to have more of that propagation in terms of people perceiving that they are heading towards 21 June, with restrictions being lifted entirely. Compliance within that group has been particularly difficult.

Nigel Connor: From the hospitality perspective, it was extremely challenging as we moved through the tier system. It is worth making the point that there is still a substantial way to go for the industry. It is fantastic that we can open indoors on the 17th, but we will be opening with social distancing in place, with face masks required and with table ordering in place. It is worth emphasising that there is a long way to go, and that the hospitality industry and Wetherspoon are very keen that we move forward safely to 21 June, when the restrictions can, hopefully, be lifted further and we will see some normality returning. If you have a pub where everybody needs to be seated, that reduces capacity and sales.

In terms of the tiers, it is very difficult to have to introduce measures literally overnight in some circumstances, and the reason for why that happened has already been explained. We found some of the measures difficult to understand, such as the 10 pm curfew and the requirement for a substantial meal. It meant that our staff were in a very difficult position. They had to implement these things very quickly and to explain to customers, who were sometimes resistant to the new restrictions, because they did not understand them. Like Sir John, I would pay testament to our team members, our managers and everybody who works for the company in adapting so quickly to that.

It was very difficult and there was perhaps a lack of understanding that pubs and restaurants were safe places before the tier system was introduced. Customers were sat down, it was a very regulated environment and there did not seem to be, in our view, any evidence to justify the 10 pm curfew or the substantial meal, because they were Covid-safe places. As a company, we invested £13 million across our estate to ensure that customers were safe in terms of screens and sanitiser, and smaller operators did exactly the same.

There is an element of frustration there, and we are hoping never to be in that position again, but we would ask that, if the Government take measures like that, they do so on an evidence-based foundation and not on speculation as to what may work, without any evidence there to justify it.

Lee Frankham: We are slightly different. We have smaller units that are sales and service-assisted, so it has not affected us as much as perhaps the other two guys, where we were able to invite our people in, book them an appointment and sit them down. The restrictions have not affected us from an interaction perspective as much as you would see in the other industries. However, the impact is where we are unable to demonstrate products and have browsers in the retail environment, which makes some of the new tech harder to bring to life for a customer. It is not as much as the other two guys.

Sir John Timpson: I suspect it is going to be a lot more difficult to come out of the lockdown situation than it was to go into it, because it was very clear what we had to do. There needs to be real clarity around what particular measures are being taken off at any particular time. There is a danger that, if the Government say, "We are going to give people more authority to decide what they want, but we recommend this," that is going to be quite difficult for us. We need to be clear on exactly how we are going to get back to normal, and I would hope that the new normal is like the old normal.

The one thing that was really tricky for us along the way was how supermarkets—and we are very much involved with supermarkets—were dealt with differently. There was a period when non-essential retail was closed but supermarkets were selling non-essential goods.

Chair: We will come on to that, John. That is precisely a point we are going to raise in a few minutes.

Q102 **Andrew Lewer:** I just wanted to pick up some of the comments from witnesses, where we have heard about being back to or close to normal on the 21st, and particularly Sir John's point about the dangers of fudge and getting out gradually in a way that presents challenges, as we heard from the Meadowhall centre. In a sense, there is bound to be some value in getting people progressively used to being normal between 17 May and 21 June. I know it is almost impossible but, in a way, less and less enforcement of it is the track. Would the witnesses agree that what will be needed just ahead of 21 June is a very clear and unequivocal

statement, which no one can argue with, that 21 June is normal and restrictions are off, so that people can then just get on with their business?

Nigel Connor: Yes, absolutely. The sooner that indication is given, the better in terms of being able to plan for it, but we accept that the Government are acting under guidance from the scientists and SAGE, and need to assess these things. The difficulty with some of the restrictions in place previously was that they were, as I said, at the last minute. I suppose it is easy to remove restrictions without much notice but, for planning purposes, it would still be very helpful for hospitality and, I am sure, all retailers to know that that is coming as soon as possible.

Chair: Let us move on to look at the amount of help that the Government have been giving in various support packages through the pandemic.

Q103 **Ian Byrne:** Since the start of the pandemic, the Government have provided an unprecedented number of support packages, including the furlough scheme, business rates relief, loans and grants, “eat out to help out”, and a cut in VAT for certain sectors. Have they done enough to protect the high street from either the short-term or the long-term impacts of Covid-19?

Nigel Connor: We would accept that it has been unprecedented. For the industry as a whole, it has been the difference for a lot of operators between survival and non-survival. I would really put it at that. In hospitality, there is a legacy of unpaid rent and debts to suppliers et cetera, which those support measures do not address and have not fully addressed, and which will need to be dealt with going forward, if the industry is to bounce back and generate that growth back on the high street. It has allowed the industry as a whole to survive, and the industry is grateful for it but, going forward, there are some questions that need to be addressed, particularly around unpaid rent and particularly for smaller operators.

Darren Pearce: There has been a whole package of different measures applied to different environments, and people have utilised those appropriately along the way. British Land, as a well-capitalised company that owns half of Meadowhall, did not take advantage of any of those schemes, quite appropriately, in terms of how it conducted itself, but our retailers and wider business partners did do that. We still have a huge challenge moving forward. We could all debate what the impact of online is and how extensively that is going to take hold as we move through the stages. There is lots of speculation in the market, but the answer around that is that it is certainly going to be more than it was before. How do we then develop that opportunity?

In terms of a key factor for me, if we look at the occupation costs within the environment and what is happening at the moment, in order to get through this phase we have had to negotiate with and talk to all our occupiers. There have been huge rental concessions and deferrals in respect of the environment. As a private landlord, we very actively

engage with our occupiers to make sure we have sustainable businesses coming out the other end.

On the service charge front as well, in terms of running a big organisation like Meadowhall, we have made lots of cuts and concessions. Our service charge dropped by 20% last year and, going forward, it has dropped by 7% to make sure that we rebalance the environment in terms of what is happening online with our retailers.

The next biggest occupation costs that I would come to, where there needs to be some progress made by Government, is in the rates reform arena. With all those things running through in terms of online migration and concessions on rent, the weighting of rates is now disproportionate for where the market is and there is a real imbalance in it. In the last 20 years, rates have increased by 87%. Rents have increased by 17%. There is a real concern about how we move forward in terms of what that rates profile looks like.

There is a real need for reform, given the imbalance that now exists. I know that you, Clive, have urged the Government to look at this several times, but it is really putting jobs at risk now, because there is such a weighting on rates. Within our environment, we have examples where the rates are higher than the rents. It has become so disproportionate now that it is a significant factor. As an organisation, we support the Shopkeepers' Campaign on rates reform and we endorse moving forward on that front with an adjustment to the multiplier or the UBR, a look at more frequent revaluations, whether annual or a bit further out than that, and an extension to the empty rates relief.

I take on board John's comments that the void rate for Meadowhall is not as bad as I anticipated. If you had asked me at the beginning of this crisis, I would have thought it would be worse than it is, but we still have measures that are unravelling at the moment. Furlough goes on for a period of time, and that is propping up some businesses in terms of their longevity. We need to see how this all washes through, but it is a glaring example at the moment of a real imbalance from factors that have affected us an industry and from the Covid crisis. It stands out to me now as a major issue that we need to reform going forward.

Q104 **Ian Byrne:** That is a really good answer. [*Inaudible*]*—*that those would be the next steps moving forward out of this. John, I would like to thank you for thanking your staff at Timpson. That was a lovely gesture, and I am sure it will go down really well with the staff.

Sir John Timpson: Going back to the original question of how the support worked and whether it was sufficient, we would have been in a right mess without it, frankly. A big smile came to my face when the Chancellor announced the furlough scheme. That was one of the major moments for me. It has made such a fantastic difference. You probably know that, right the way through, we have topped up the furlough, so we have guaranteed everyone's basic pay throughout this. Being able to use a much more flexible furlough scheme later has helped us a lot.

With the holiday on business rates, I echo everyone. Perhaps we will be talking later about business rates, because I also have quite a lot to say on that. Having a holiday from that, even though we do not get as long a holiday this year as we will in Scotland, is very beneficial.

Although we have not had to use the loan schemes, thank goodness, they have given us a lot of confidence to look further ahead. Overall, it is very good, but the only hiccup we had was state aid limiting the amount of grant we could get last year, which has been much better since Christmas.

Overall, the answer is yes. The aid that we have had has ensured that we have come through this as strong a business as we were when we went in. Without it, we would not have done that.

Lee Frankham: While we were fortunate enough not to have to furlough anybody in BT or EE, or to make anybody redundant, I am still in a position to be pleased with the support that was provided, because it did help bring people back on to the high street. You mentioned "eat out to help out". That scheme did not affect me, as I do not sell food or drink, but it brought people back into the high street and encouraged people to venture back out and go shopping again. While I was not directly affected, we did see the benefits of such schemes.

I am also encouraged by the support to the UK high street, because there is no point being a great retailer if you are the only retailer. The support that smaller retailers are getting, which means that people are able to survive, really encourages the fact that the UK high street will have a place in our future. That is where I am really looking to see Government aid being put to good use.

Q105 **Ian Byrne:** I am conscious of time. The other witnesses have answered how they see this, but what would EE want from the Government moving forward out of Covid? There is a belief that we are approaching a cliff edge when the relief schemes wrap up, so what would EE expect from the Government moving forward to prevent this cliff edge?

Lee Frankham: If we are talking about retail on its own, we are in a fortunate position because we are part of a large organisation that supports our customers with their connectivity. The retail arm is very much a service element of the organisation. I suppose one thing that was a bit of a disappointment through the previous lockdown is that we were not classed as essential. There is a misconception about the retail environment for telco. The majority of our footfall is pure service and keeping our customers connected. There are lots of individuals who do not want to interact online or over the phone, and need the support that only face-to-face retail can provide.

If we were asking for additional support or were unfortunate enough to go into another lockdown, I would want to ensure that we were classed as essential, so that we were able to support customers through this uncertain time. People need the connectivity products that we provide. If

we are in a position where we have to go back into lockdown, I want to be able to provide that for our customer base.

Chair: Thank you, Ian, for rightly drawing our attention to the time constraints, if members could try to focus on the key issues to ask questions on. And if witnesses agree with someone, there is no need to go over the same ground if we have the evidence that we need.

Q106 **Bob Blackman:** Thank you to our witnesses for answering the questions so far. I have a quick question for Lee, if I may, before we start. We have the announcements on gigabit broadband, which is going to be a direct challenge to BT to deliver something like a household every 25 seconds in order to achieve the targets. Do you have enough Government support to do that?

Lee Frankham: We announced our results today, interestingly, and we have wrapped up our plans to supply FTTP across the whole of the UK. We want to get to 24 million or 25 million homes by 2026. We are already at 5 million and, today, connected our millionth customer. We are massively ramping up our support to do that across the UK. As you know, it is one of the big UK pledges around connectivity. I am not an expert in this at all but, from the conversations that I have been hearing today, there is a re-gear of how we focus our organisation to make sure that we can provide that service. As you can see by the ambition, it is a very strong one, and we are in a good position.

Q107 **Bob Blackman:** Darren, we have already heard from John about the position on some of the differences that there have been in provision, where supermarkets can sell clothing and greeting cards, and even do dry cleaning, but other stores that sell those goods alone have had to remain closed. Have the Government done enough to support the businesses that were forced to close? Customers were able to get similar goods from supermarkets and other stores that they deemed essential, but the shops that sell them as a speciality were not able to sell them.

Darren Pearce: We have seen a broad endorsement of the measures that were in place, and especially the furlough scheme, which John mentioned. There was a broad set of measures that sustained businesses through this period. We were struggling to get involved in the debate about what was and was not essential, because it felt a little grey at times. Some retailers chanced their arm in terms of the range that was opened up and the stores that opened. We worked with our local Covid response team to sense check and understand what those rules were in that arena.

I go back to my point in terms of my environment and the concerns that I have about how we move forward. This whole thing around rates reform is critical, because it is just so imbalanced now that it is causing major problems.

Q108 **Bob Blackman:** We are coming on to rates reform very shortly, you will be pleased to know. I am looking at the fairness of Government support. Certain retailers were told that they had to shut. In Wales, for example,

supermarkets literally cordoned off the aisles and said, "I'm sorry; you can't buy these goods here."

Darren Pearce: It was different in England.

Bob Blackman: Has it been fair?

Sir John Timpson: It clearly was not fair that supermarkets were able to sell clothing, and clothing shops were not allowed to open. Incidentally, dry cleaning is an essential retailer, just to point that out—not that people need it at the moment, but it was on the list.

It was wrong. We are in a situation where we have photo concessions inside supermarkets. Those were shut while the supermarket was selling clothing, which is outside, but not for them. That is not fair. There was no way that we could address that at the time.

Q109 **Bob Blackman:** Is enough being done for the supply chains that the businesses depend upon?

Nigel Connor: Our experience of the supply chain is that, fortunately, nearly all our food and drink suppliers have come through. I will not say "unscathed," because it has been a very difficult period, but we have maintained a relationship with our suppliers and they are all available and ready to supply us going forward. We lost a couple of building contractors, but, generally speaking, we are in a positive position with our suppliers. I cannot comment specifically on what support they would need, but they have come through it to an extent. I am sure they are bearing some scars, but it is at least positive that they are in a position to keep trading and we are working with them going forward.

Q110 **Bob Blackman:** John, has there been fairness with the supply chains?

Sir John Timpson: We were very clear on one thing right from the beginning. We paid all our bills, not just to suppliers but also to our landlords. We are of the view that, if we have a contract, we should pay it. That did not happen generally.

Maybe the Government almost encouraged this, particularly on rents, because there was the suggestion that landlords could not force tenants to leave if they did not pay their rents. It was almost encouraging not paying bills, and that got extended to suppliers by some people. It is a question of how responsible particular retailers were. A lot of people followed what we did and realised that, in the long term, when we get to the new normal, we want the support of our suppliers as we had in the past. We had to support them all the way through, but there might have been some damage done in the meantime.

Darren Pearce: Just to comment on that from a landlord's perspective, we are part of John's supply chain in terms of providing space for him, but the whole moratorium on pursuing rents, and the remedies that we had, was inequitable in how it addressed the situation. Very early in the pandemic, in the summer, people just did not pay. We were in a situation where we were providing services for essential retail within our

environment. We still had to secure the premises, so a raft of costs were incurred in the service charge and the running of the centre.

In terms of the rents that were due, people just did not pay and it was a major problem. We moved forward that situation with discussions, negotiations and working in partnership with the retailers, but some very well-capitalised companies, which were operating during essential retail times as well, held back on paying anything. That was not right in terms of how it worked.

We have now moved that situation forward with negotiation and coming together with occupiers to make sure we get to a resolution, and we have got to a decent payment rate now, but it was incredibly difficult throughout that period and left us in a very precarious position at times, since the companies that could pay just did not.

Q111 Bob Blackman: There is an argument that shopping centres were more affected by the pandemic in terms of the rates of retail units that had to close compared to, say, high streets, where at least certain shops were allowed to open without any impact, and retail parks. What extra support should have been given to shopping centres during this period of time?

Darren Pearce: The factor that we suffered from was the fact that we were not outside, if I am being honest. We have a plethora of different essential and non-essential retail that we offer. The issue that we have and where we see the market going at the moment is that people have a desire to be outside. That is a driver, because, as British Land, we own a lot of retail parks as well. As one of the other witnesses said, the activity level on the retail parks is surpassing pre-Covid levels, because of people's desire and the profile of the offer in that environment. We had our fair share of essential. We had M&S, Boots and various other offers that were on that list, along with all the other categories as well.

Should we have been singled out for more focused attention? I do not think so, although I should not really say that, because it is for my benefit in lots of ways. We are moving our proposition forward currently to make sure that we resurrect our business and provide a confident environment for people to come back to. They are coming back now. Interestingly, on Monday this week, we were within 7% of footfall figures from two years ago. As I said, in terms of a like-for-like comparison on sales, we were in excess of our 2019 figures for April.

Monday heralds the next phase in that and, as Nigel would testify to, we have a Wetherspoons here. We have put an outside area in place. Food and beverage drives an environment and, as it turns out at the moment, our after 6 pm trade is about 6%. It is normally about 17%, so we know that we are going to get a big boost on Monday, when F&B comes back inside and the cinemas open. I guarantee that I will be down at Wetherspoons having a drink in your establishment. We all deserve it after this experience. That will herald the next stage of things.

Q112 Bob Blackman: I agree with you on the issue of face coverings being the

most frustrating thing, from everyone's perspective, where most people adhere to the rules but a large minority do not. It is greatly frustrating to all concerned.

Darren Pearce: It is so visible as well. Our security team is stuck in the middle between an individual who is saying, "I am not wearing; I am not complying"—so we call the police, because it is against the law—and a whole bunch of people on social media saying, "Look at those people not wearing." The exemption criteria were too broad and available to people, and people just came out with "asthma" every single time. I have never known so many people with asthma in my life.

Nigel Connor: It was very difficult, because people were simply able to say, "We are exempt." Because no objective proof was required, it was very hard to enforce. In other countries, they did require that, but that is a step that was not taken here.

Q113 **Andrew Lewer:** Some discussion about rent has taken place already, so do not feel obliged to repeat anything that you have already said. As we have heard, we have a lot of evidence of concerns about commercial rent arrears building up during the ban on commercial evictions put in place by Government order. Several of the people we heard from were supportive of a proposal for some sort of property bounceback grant, which would involve the Government funding up to 50% of rent for affected businesses. I just wondered whether our witnesses today supported the concept of a property bounceback grant.

Sir John Timpson: It is not something that has come into our thinking. Property values have dropped and the mechanism that we have used to overcome any problems is the market. We have negotiated a lot of rent reviews over this period, and they have been substantially down. I am talking of 35% or 40%. We have managed to conclude those negotiations—I was going to say "happily"—pretty realistically from the landlords' point of view, which is going to help the long-term situation in many high streets. We got to a situation where we were nearly five years into existing rent levels, where it was totally out of kilter with where we should be. We have managed to adjust that, but there is no need for any further help from the Government on that. There comes a time when the market needs to play its part as well.

Q114 **Andrew Lewer:** Nigel, is it about property bounceback grants or market adjustments?

Nigel Connor: We were fortunate in being able to come to an accommodation with the vast majority of our landlords, who were reasonable, and we got to a position where we were both comfortable to maintain the relationship going forward. On an industry-wide basis, though, there is a need, and it is supported by the main hospitality bodies, such as UKHospitality, which has calculated in a recent survey that there is about £2.5 billion of rental debt in the sector. There needs to be some means by which that is addressed, because businesses are going to take a while to get back to normal.

As I said, the restrictions are still in place and, hopefully, will go on 21 June, but there is a lot of legacy debt, not just rent, that businesses have to deal with. Some means by which they can be supported, so that there is no cliff edge going forward, is essential, especially for smaller operators. UKHospitality calculated that about 52% of survey respondents had not been able to secure a rent extension, and 40% were unable to come to any deal over deferred payments with their landlords. It is crucial.

On a purely anecdotal level, a long-established pub where I drink before I go and watch football is facing closure, because its landlord is demanding its rent in full and it is simply not in a position to pay it for some time. There needs to be something, and this is a sensible proposal that the industry supports.

Lee Frankham: We took a similar approach to Sir John and did not stop paying any rent at all. We were quite clear that our approach was to pay all our landlords and keep that relationship strong. We were in a position to do that, which is fortunate. However, this approach is a sensible one to look at how it helps recover the UK high street, and especially some of those smaller businesses. Without knowing the full detail, I think this is a sensible approach, but anything to help the UK high street to regenerate is much appreciated by us.

Darren Pearce: The observation that I would make from my fairly extensive time in the industry is that the relationship between landlords and occupiers has changed massively in the last 20 years. It is now based on partnership and working together far more than it has ever been. Crises drive that sense of partnership, with more flexible working and coming together in a more cohesive way. Our experience with our occupiers is that we have come to an accommodation, reached agreement and moved things forward in a flexible way. That partnership approach does not necessarily need any other intervention. I agree with John.

We need to agree on a way forward to mop up some of the old debt. We put a paper into the Committee to suggest a way forward on that, in terms of ring-fencing arrears up to a certain point and moving forward positively. As a landlord, we need to keep investing in environments and moving them forward, and there is a bit of a legacy situation, maybe less so within our assets than elsewhere, but people need to unlock that moving forward. We support a more participative approach to unlocking that backdated debt with various provisions that we have put to the Committee.

Q115 **Andrew Lewer:** You touched on the point about some landlords being better than others. Previous recommendations from this Committee have been that a lot of landlords ought to be more engaged with high street and town centre transformation, and what is going on with their asset. I wondered if witnesses could reflect on how more landlords could engage in best practice and engage more with their tenants, and how they feel that landlords can play a role in supporting high streets to thrive

post-Covid and beyond into the future.

Sir John Timpson: Taking the long-term view, there are a lot of places that are already very much out of date. As was fairly well put forward in the report that I produced, high streets need to reinvent themselves and be reimagined. That cannot be done unless everyone co-operates in it. We have to get to the stage where landlords and everyone else involved see the advantage of changing town centres.

I like to think about town centres rather than high streets, because what we are talking about here is the community's hub and what makes that. It is not just retail. Retail will be attractive to people when they are there for all the other things that the town centre needs. Once that comes, you are going to get developers and landlords wanting to do that, because it is the next stage.

Shopping is constantly developing. When I started, which was a hell of a long time ago, in the very early 1960s, a lot of shopping was in local suburbs, and then it moved into the various Arndale centres. There was a whole progression. We are just seeing another of those. At each stage, developers, landlords and people need to be involved in that. It is not yet recognised what really needs to be done to reimagine a town centre, in order to make it work for the next 20 years.

My feeling is that we need no more than five really good examples—or maybe three will do—of town centres where the local authority, with an inspirational leader and someone with real vision, does something that makes people go “wow” and really works. Once we have that, we can have something that other people do not copy exactly. They have to do what is right for their place, their town and the character of their area, but at least it shows the direction that shopping should be going.

Nigel Connor: Landlords are in a difficult position, as their rental income has fallen or may be in jeopardy going forward. It is not necessarily something the landlords can deal with on their own. Going back to Sir John's point, it is trying to engage everybody in a partnership and supporting all the sectors to move town centres forward.

Lee Frankham: I agree with a lot of what Sir John was saying there. There is a need for landlords to understand that values around the country are going to change, and they need to be ready for that, or we could end up with parts of the country, like the Oxford Streets of the world, exiting them quite quickly. There is a lot of responsibility on the landlords to ensure that we do not have empty spaces taking up the high street and understand what can be done in those spaces, perhaps not for a profit but just to keep the high streets alive.

People can remember back to healthy high street campaigns we have done in the past. There is a requirement for landlords to be involved there and be a part of the community. That is where we will see some benefits that will have more sustainable growth for the UK.

Darren Pearce: We can argue how accelerated the trends are in terms of what has happened out there during Covid, but the reality is that we are definitely going to have to repurpose certain assets. The retail market physically will not be as large as it was in the past. That process was already happening before, John, with CVAs and various other things. We can argue about how much online is going to permeate that mix, but the reality is that we are going to have to relook at what town centres and different environments look like. To your point, Lee, people are going to have to take that on the chin and get realistic about how it moves forward.

I would talk about broader, more integrated offers. I know we talked about the sense of community and coming together. In terms of towns and other local shopping, one big trend that has come out of Covid for me is that people have shopped more locally. We have all identified that trend: greater independent offers, more integrated community offers, repurposing buildings to be not retail but a bit more F&B or residential. Some of our sites that were going to be retail are maybe going to be logistics now. The market has changed in terms of the profile of the assets that we look at as an investor and a landlord. That has fundamentally changed going forward, as a product of Covid.

That does not mean to say that it is a negative thing. Some of those trends were already happening. They have just accelerated in terms of the impact on the market. Landlords and occupiers definitely need to come together with a greater sense of purpose about place making and what that looks like. Those more integrated trends where polarisation kicks in will allude to how some of those things will come out, in terms of more localised shopping and people shopping with local operators. There is a really big theme coming out here.

The big destination shops will prevail as well, because there will be a bit of a fragmentation of the market. CVAs were doing it anyway. Those other more secondary locations where there has been a decline in the overall offer within that space can be repurposed in a better way, but we need to work with landlords to make sure we achieve that.

Q116 **Mary Robinson:** Nigel, you were discussing online and the rise of online shopping, but hospitality's version of online, I would say, is takeaway and delivery. My local pub was very active all the way through the pandemic, when it could be, adding takeaways very successfully and doing quite a few different things to work within the rules and to keep going. Wetherspoons did not seem to do this. Why was that?

Nigel Connor: A lot of my local pubs adopted the same thing. For large-scale chain operators, it is difficult to introduce that flexibility almost on the hoof. We had 870 pubs. The processes by which we provide food and drink, and operate our premises, as you can imagine, are extremely well defined. Having to adopt different processes very quickly we just felt was not really in our interests from a logistical point of view.

We certainly looked at it, and we are certainly looking at the possibility of doing takeaway, but as a business we are very much of the view that the pub is somewhere people go. To coin a phrase, we want bums on seats in the pub to create that atmosphere, rather than facilitating takeaways. It was helpful that the Government allowed takeaways for the hospitality industry. I know, in the restaurant trade, a lot of restaurants survived by creating meal packs and were very successful in doing that, and are going to carry on doing it to an extent. We felt we just could not logistically do it and make it worth our while.

Darren Pearce: It might sound counterintuitive in lots of ways, for someone like me who runs a big physical estate. Why would I want to engage with online? I have always thought that was the right thing to do. In terms of a seamless offer for a consumer, you need to incorporate all those elements, whatever you want to do, at whatever time, whether it is an environment like mine where I incorporate physical space, an experience like Nigel offers, or a product-based thing that could actually go online.

We recently opened a collection facility, which has opened up every channel from Amazon to ASOS and every carrier possible, to get all the click and collect parcels into that space, with changing rooms, with return facilities, to make sure that, where there is an interaction point with online, we are taking optimum opportunity to get that into our environment. We are also white-boxing units to get pure play retailers into that space.

There are lots of examples where you say, "Through adversity, you invent and create." With understandable movement to online, whatever that magnitude is, it is important that people are creative in how they embrace that. Certainly within my environment, it is a big feature going forward.

Q117 **Mary Robinson:** In a previous report, we commented on the demise of the high street, saying that we did not believe the high street was dead but that it had reached a tipping point. In some ways, we were blaming and laying the disruption at the doors of online. Another comment came to us from Professor Cathy Parker from Manchester Metropolitan University. She said she thought the out-of-town experience is a bigger threat to town centres than online shopping. Where are you in that dynamic? What is your view?

Darren Pearce: We have polarisation happening in the market. People have seen the merits of shopping local and advocating local operators: the local butcher, the greengrocer and all those nice independents. We see that big offers like Meadowhall, Westfield and Trafford will, again, offer everything under one roof, but people need to reinvent and rethink, hence the comment I made about repurposing assets and reinventing town and city centres in terms of what they offer.

Locally here, within Sheffield, we have just had World Snooker in the Crucible, which is an amazing event and great to showcase an indoor

event, the first one happening. How I work in this city is to make sure that, when people come to Sheffield, they clearly understand our offer here, but also the cultural offer, the F&B offer, the alfresco dining offer that can happen in the city centre. People need to work with that in a more cohesive way within regions. That is certainly my objective here: being complementary and tying in the Peak District, which is on our doorstep here in Sheffield, and the cultural offer in the city, along with various other offers, with a big mega-mall like Meadowhall that can offer everything under one roof. That is the more participative way forward.

Q118 **Chair:** You have all mentioned it, but I want to focus very briefly on the issue of taxation. We are a bit time-limited now, so I will confine it to two points. First of all, Darren has already mentioned the desire for business rates reform. John, you indicated you were bursting to tell us something about your views on that. Go ahead, over to you.

Sir John Timpson: It is something I was pretty keen to bring into the argument when I was asked to do the report two and a half years ago. I was told it was not part of the brief, because this was Treasury land and I was not allowed to get into Treasury land, although I did go and see them. I would just like to know: is it because they do not want to reform it, or because they do not know how to reform it? Something is strange. It is taking a long time for some very clever people in the Treasury not to come up with a way of finding a solution that creates the level playing field that we know we should be having.

The rates still keep going up. I always had a straightforward rule of thumb that the rates are a third of the rent. That is where we worked for year and years. What is it now? In some places it is two thirds. In some places you are paying more rates than you are rent. That is because it has not been kept up to date. The system is completely out of date. That is without putting on top the whole issue of online shopping and the fact that those who are selling digitally online have an advantage over the bricks and mortar people.

It cannot be that difficult to come up with a scheme that puts all that right. It keeps getting put off. They are inquiring into it. They are kicking the can down the road. For goodness' sake, they just need to get on with it, because it is the biggest thing that is going to make life difficult for ordinary shops on ordinary high streets.

Q119 **Chair:** We already have the digital sales tax introduced, as we talked about, which is an online tax to try to help balance up the difference between online and physical retailers. Do you think either of those is a way forward that we should be considering?

Sir John Timpson: I did not really understand the digital tax. I suppose it makes a difference, but basically what you need to do is to make sure that a customer buying something online is paying the same sort of tax as a customer buying it from a retail shop. That is not the case at the moment. The tax, or the business rate, is higher for the person who has a physical shop.

Chair: Does anyone else want to come in on that?

Nigel Connor: It is not particularly on the business rates question. It is really about taxation in the hospitality industry, particularly the pub. If you add all the various taxes together, it is probably one of the highest tax operators on the high street. About £1 in every £3 that gets spent in the pub goes to the Exchequer. A particular issue that we have campaigned on for a number of years is VAT equality, so that, effectively, the food and non-alcoholic drinks that pubs and restaurants sell is taxed, for VAT purposes, at exactly the same rate as supermarkets. We feel that is very important in terms of promoting hospitality operators to open in new sites, maybe marginal sites, where if they have to pay full VAT the site is not going to work.

That is something we would advocate as part of the recovery from Covid. Certainly, we welcome the cut to 5%, but we would want that to be made permanent and possibly, going forward, reduced to zero so there is VAT equality between normal food retailers, particularly the supermarkets, and the hospitality industry.

Chair: Brigid Simmonds gave evidence at a previous inquiry and made that point.

Nigel Connor: Yes, I am sure she will have done.

Lee Frankham: We have to fully understand what the scope of online tax would be. Is it for pure online players, or is it for businesses that are rightly adapting to a hybrid model? There is going to be a real blur between physical shops and online now. How do you differentiate it and make sure that we are not penalising people moving into a more fluid model from a hybrid perspective? We certainly try to maintain our pricing cross-channel. For that purpose, the customer does not receive any differentiators in price, and they are able to shop in the way that suits them, as opposed to the best price-led conversation.

Darren Pearce: I subscribe to what John said. There are some very bright guys in the Exchequer with Rishi. There are some creative ways of moving us forward, but I would urge that we move forward quickly, because it is such a significant part of the occupation costs for physical retail now that it is becoming a major problem. As we move through these phases and furlough is released, the pressure on the finances of retailers with that tax burden needs to be alleviated and there needs to be more of a level playing field. I would urge you to take action on it.

Chair: Thank you for those comments. We will move on now to look at, as has been mentioned, the way smaller towns and local centres have perhaps done relatively well during Covid, as people look at how they shop slightly differently.

Q120 **Ian Levy:** I am conscious of time, so I will direct my questions, if that is okay. Nigel, when we started this conversation, I was very much of the opinion that the high street had taken a real battering, but I was quite pleased to hear from Sir John that he feels things are picking up a bit and

getting back to normal. Some of the smaller towns have been more resilient than the larger urban centres. Certainly when I go down to London and walk around, I really feel for a lot of the retailers. How has this affected you as a chain? How will you respond to this trend? Do you expect it to last? Are you expecting it to pick up?

Nigel Connor: It is very early to say yet, and we will probably have to make that assessment going forward. We have estimated that major city centres, where a lot of the trade, for example, comes from office workers, may be quieter. That will be compensated by more trade in the suburbs and smaller towns, where people are working from home and shopping locally.

We have had some discussions with an Australian hospitality company. Their experience, having reopened after a long lockdown, was that, while trade has been in line generally with that before the pandemic, they have seen a lower trade in the bigger cities and higher trade elsewhere. We will need to see how that plays out once we move beyond next Monday and then beyond 21 June. Clearly, if there is less footfall in larger cities because there are fewer people there, that has a potential impact on trade, which we will have to try to address, and I am sure we will do.

Q121 **Ian Levy:** Yes, that is something. It is next Monday and then it is 21 June. Some people may still be working from home even after 21 June. They may think that is the way to progress things.

Sir John, there has been talk of what they are calling the 15-minute neighbourhood, where within 15 minutes of where you live you can get everything you need: leisure, healthcare. You can go and get your shopping. How would you see your business being part of this? Do you think it will fit into that?

Sir John Timpson: There is a big danger in people rushing to conclusions on what has been happening in the last year and thinking that is the way it is going to be for the future. Just going back to the last point in terms of people working from home and the effect it has on city centres, you cannot judge that until we get into 2022. We are getting a feeling that every two or three weeks there is a 5% pickup in city centres. More and more people are coming back. I personally think it is a really bad thing for an organisation to have a large percentage of its people working from home in terms of both the organisation itself and mental health problems, but that is a different issue.

They are changing all the time. I do not know whether I would buy this neighbourhood thing too much. It is a nice theory, and it fits the moment. When lockdown started, a year ago now, there was an awful lot of local shopping. That is the way it all happened, but I think people are desperate to get out. They would quite like to get more than 15 minutes away from home. That is what they are looking forward to doing after next Monday and then after 21 June. We just have to not jump to too many conclusions.

In this whole thing, we talk about “the high street.” There is not “the high street”. There are lots and lots of different streets, lots and lots of different towns. They all have their own different characteristics. We have to be careful that there is not too much generalisation. If I look round, I have been in towns even this week that are looking very sad and need a lot of surgery. I have seen some places that are really thriving. It is not one straightforward picture.

Q122 **Ian Levy:** I would agree with you on that. It is the high street experience, really. It is not just a case of going out to get what you need. It is the whole experience.

Sir John Timpson: It used to be a major leisure activity, which is why the hospitality part of it is so important. You do not want to go out shopping. You actually want to make a day of it and have something to eat, something to drink and so on. When it is all there together, we have much more chance, which is why from next Monday we are going to get a much better test of how strong the market is.

Q123 **Ian Levy:** I will keep my fingers crossed for that, definitely. Lee, I would like to touch on Government support schemes that have been available. How effective do you feel they have been in supporting some of the larger chains, as opposed to supporting the more independent chains?

Lee Frankham: The furlough scheme was utilised heavily at the beginning. What I quite liked was that some of the larger chains, when they started making their profits back, were able to return some of that money. It showed a real character in the industry to say, “Actually, we were not requiring that furlough payment and can pay it back.” There are lots of great schemes out there that should be utilised in the right way. We have not utilised the things like furlough, as I said before, and we made a big stand that we pay our rent and so forth. We wanted to make sure that we did that, so that the money was used in the right way to support the businesses that could not cope.

There is a responsibility on a lot of the retailers as well. We can sit here and talk about what the Government have done, but retail has to evolve, in my opinion, and we have to take some ownership of how we operate differently in this new world, because it will not be going back to what it was. How do we make sure we are utilising the space better, and utilising the estate to have a different distribution? In EE, we go towards that 15-minute high street naturally, because we have had a distribution strategy for a couple of years now around being within 20 minutes’ drive time of 95% of the population. We are at 93% already.

We have had to do that through different mechanisms. We use cabins and trucks. We are partnered with Sainsbury’s. We have stores-in-store in Argos. We have small formats. We have had to innovate and change to make sure that we can be within reach of our public in order to support them.

Q124 **Ian Levy:** I will turn finally to Darren, to touch on shopping centres, which have been quite severely affected by the pandemic in terms of rate

of closures compared to some of the high streets. When we see closed shops within shopping centres, I am wondering what role you see the shopping centre playing in the long term.

Darren Pearce: I have already described this polarised market, and I subscribe to that going forward. Just taking Sir John's points on board, he is right that we are all speculating at the moment. We do not know. What has happened during Covid has changed what people do. People are taking the very best of that away with themselves as well. In terms of our operation here, we have a lot more people working flexibly, working from home, doing things differently. We run massive office campuses in London as well. We know they are taking a long time to repatriate back. At the end of the day, people like people and they like to be together. We are a sociable animal, and we like to be together.

I subscribe a bit to this local agenda, but big shopping centres like Meadowhall and Trafford have a place within that as well in terms of a full day out. Of course, you are aware of the MetroCentre. With all the elements of the equation under one roof, that is a big day out. I expect the catchments of those big shopping centres to expand, but then for people to do a lot more frequent local trips, taking on board local services and having that local experience, as well as doing the big day out stuff. There is still a role.

We have to repurpose, rethink and relook at other environments to be adjusted to those trends as we see them evolving. We will only see those crystalising as time wears on and we see how people adjust. The bottom line for me is that people are incredibly resilient and bounce back from things. Again, to Sir John's point, people want to get out still, especially people from Newcastle and the north-east. They are social animals and they like to be out there. The people will bounce back very quickly into the environments. There will be some adjustment and we all need to creatively think through what that looks like for us.

Q125 **Ian Levy:** I wholeheartedly agree with you. There is this whole shopping experience of going somewhere like the MetroCentre, the Trafford Centre or wherever. It has made people appreciate the high streets and the little independents as well.

Darren Pearce: I agree, yes. They are now featured within our environment. For example, we have a whole load of independent stores within Meadowhall, because we have some space, but also because it is the right thing to do. That is the trend in society, people like that local, independent offering. That is going to be a feature of what we do going forward.

Q126 **Ian Levy:** On the one hand, we have a lot of negatives with Covid, but there are some positives that have come out of this as well.

Darren Pearce: I agree completely.

Q127 **Mary Robinson:** I would like to look at how your organisations are going to engage with forging these positive changes that we are talking about.

In this inquiry we have heard about the need for holistic visions for local areas, reinventing the high street and proactive planning. I am just wondering what role your businesses can play in building plans for this cohesive, reimagined local area.

Sir John Timpson: As far as our organisation is concerned, we tend to be involved in almost every shopping situation, whether it be supermarkets, shopping centres or out-of-town places—every type of local place. We cannot get involved in every local town. Because they asked me to go there, I went to Accrington just before Christmas, trying to support and encourage them, and I walked around the town. We can encourage people. From our point of view, we can prod local authorities. In this case, there was one entrepreneur who was very keen to help his local town. We can help in that way.

Also, we could be frank about it. I was very frank about Accrington, in that there is a wonderful job that can be done there, but they need to knock down the shopping centre, which is ghastly, and promote the wonderful market they have, the lovely old arcade and a nice row of independent shops. It will not work unless they take the whole plan and completely rewrite it.

Because we are going round all the time, we can support people who want to do something. From our point of view, it is that way. It is not for us to tell local authorities and local people what their town should be. That is where it should come from. When I was doing the report, I talked about upside-down Government: the Government should be supporting the local areas, not telling them what to do. That is very much the way it should happen. I would say that we are just there to support them, not to tell them what to do.

Q128 **Mary Robinson:** Can I take that a little further? Planning guidance and practical guides on plan-making require local authorities to have that engagement with local businesses when making the local plans. To what extent does that engagement take place then? Is it just a prod that businesses can give, or can they do more?

Sir John Timpson: For that one small example, it started to happen, but in the end they did not put the money up to do the groundwork to get as far as making an application to the towns fund or the high street fund, which would have given it a chance. Actually, it all comes down to people, and very much in this case. Is there a local champion? Do you have a council that wants to do things? Do you have councillors who are working with people in the town? It is people who are going to make this happen, not Governments. It will be people locally who come up with the answer.

Q129 **Mary Robinson:** Could I ask you, Nigel, about JD Wetherspoon, your role and your engagement with these local authorities in terms of their planning? Is this a role that you have in engaging with local authorities?

Nigel Connor: Is this at the planning policy level or more granular?

Mary Robinson: Yes, I am interested in the engagement between

businesses and local authorities, if we are going to drive forward all these changes that we need, and whether that engagement is something that you have with your local authorities. Does it vary from business to business, and from local authority to local authority?

Nigel Connor: It does. On the macro level in terms of consulting, planning policy, et cetera, it is not something that we have traditionally engaged with. I do not know whether the fault lies with us or with the local authority in not reaching out sufficiently to us. That is something that we can look at in our broad planning strategy. In terms of local authority engagement, we are involved in a number of BIDs. We have 218 BIDs we contribute to, which cover 307 of our pubs, which is a relatively significant proportion. We support our managers who want to support and sponsor local initiatives.

There is something more that all businesses can probably do to have that level of engagement with making the towns and high streets in which they operate more attractive to people. Ultimately, the more people who come in, the better it is for everybody in a town and a high street.

We invest heavily in our pubs, either developing new pubs or expanding current pubs. We try to create a venue that attracts people into the towns and cities where we are, which then has a knock-on effect, because they are not just going to come into Wetherspoons. They will go to local shops. They may go to us as part of a wider visit of pubs in the evening on a pub crawl. It is a combination of different things. It is participating in those schemes via BIDs or via our local management, but also really investing in our pubs to make sure they are always attractive. What we tried to do over the lockdown was maintain the pubs in good condition, put flowers in, et cetera, to keep them looking good, and that is a key part of what we will be doing going forward.

Q130 **Mary Robinson:** Lee, from EE's point of view, what is your experience of engaging with local authorities? It strikes me that this is an exciting time. We are talking about reinventing high streets and doing things differently. It is a great opportunity to be involved. To what extent are you involved in plan-making, or have you been? Is there more that can be done to incentivise closer collaboration between local plan makers and businesses like yours?

Lee Frankham: There are probably two answers as to the scale of the business. As BT, we absolutely welcome the Government's efforts to reform planning, but this has to include reforming the wayleaves that enable us to get fibre into the ground. It is essential to future-proof our high streets and to get fibre into the ground. The Bill that was announced on digital infrastructure in the Queen's Speech is a big step forward for us and really helps towards our FTTP ambition as an organisation. That supports business everywhere.

When it comes to retail, it is important that the Government and local councils are really looking to make sure that every unit is used in some way, shape or form. We probably enable our guys to work more

individually in their local towns, because we have found that, when we try to do stuff on a national scale, it just gets lost in noise. A generic approach does not work, so we have created personal and local toolkits, as we call them, which are enabling our guys to work with the local communities and galvanise local store managers, to try to create what is personal to that particular town, to ensure that we all have a stake in creating the high streets of the future.

The engagement from local councils is very different, depending on where you are in the country. It is quite different north to south, I would say. Whatever we can do to encourage that local engagement with our store managers, from whatever retailer, to work with the Government to utilise every aspect, create communal spaces, et cetera, in the high street, would be much appreciated.

Q131 **Mary Robinson:** Is there anything that would incentivise that collaboration between local authorities and yourselves?

Lee Frankham: Incentivisation should not just be financial but more about moments in time to get behind: activities, dates on which you can say, "Everyone is going to do a particular thing on this date, and we are going to galvanise as an industry," to call people out and create local community events as opposed to just a retail sale. We have had good examples where that has worked in smaller towns across the UK in the past.

Darren Pearce: We are part of British Land, which is a strategic developer in many locations around the country. Of course, we are more engaged in planning on a strategic level. For example, within the lower Don valley, where Clive's constituency is, we are tied in with the master plan more actively. Simon Carter, our chief executive, came to the city recently via Zoom call, just to make sure that our plans are tied in with that strategic master plan in a wider context.

Clearly, by the very nature of what we do, we tie in more with broader plans. Going forward, people need to listen to consumers more, be creative, and be more realistic about what that can look like. I know we have talked all the way through this about repurposing assets and land, and what that looks like now, for what the new environment is. We have to be very realistic about how we move forward with that in mind, but tying it in with that bigger plan to make sure we are advocating a wider geographical area than just where you sit within it, and it needs to tie in with that plan.

Nigel Connor: Can I come back on one specific example of a very good experience that we have had of working with local authorities? That is in facilitating outside drinking since 12 April. We have worked closely with a number of councils that have been fantastic in working with hospitality to facilitate outdoor space.

For example, in Croydon the council has worked with a number of operators on a particular street to create a zone within the high street

where people can bring food and drink from a number of premises. In Sunderland, for example, we have worked with the council to close off a street behind one of our pubs to allow tables and chairs for us and another operator. This is a really good example of how councils have worked with retailers to make positive changes. If that level of co-operation on these local specific issues can be carried forward, that is very positive. It has really made a difference.

Q132 **Mary Robinson:** I have a quick question on that. Do you see these changes, which were promoted as being temporary, as being something that could stay around?

Nigel Connor: They have been extended, as you probably know, to 2022, which is fantastic. We will be working with councils to try to make sure that they are permanent, either on a town or city centre basis or in respect of our individual pubs, but people have a real appetite to eat and drink outside. It creates the theatre that Sir John was referring to, attracting people in and giving vibrancy. I hope we can secure those areas going forward for the industry. It would be really helpful.

Q133 **Mary Robinson:** Sir John, we have heard about other changes that are being proposed, the Government's changes to permitted development rights for instance. There have been suggestions that this could undermine the coherence of town centres. Do you think safeguards need to be put in place around this, or do you think that the Government's plans as they currently stand will benefit high streets? How may they affect footfall, for instance?

Sir John Timpson: You have to have some sort of guidelines to make sure that totally inappropriate developments do not happen. You cannot have a complete free-for-all. Having said that, it is a very different thing from the current situation where people can be very pedantic about making sure that various things are not breached.

Also, the whole system is too slow. There must be ways in which we can get the legal process connected with planning permissions sped up. The professionals have a duty to be a bit quicker. It is a question of looking at what obstacles are getting in the way of getting the right answer, rather than looking at it the other way around and saying, "How can we put something up that traps the 2% of things that can go desperately wrong?" There has to be some sort of barrier to make sure that we do not ruin the look of places. On the other hand, it can be done with a different touch, to make sure that we are putting the priority in the right place.

Q134 **Mary Robinson:** Lee, from your point of view, would changes from office buildings and office use to more residential through permitted development, putting more people living locally to the high street and nearer to your shops, make a difference?

Lee Frankham: You would have to take each individual circumstance at its own merit. There is a need for a shopping hub in certain areas. If you end up with too much resi, you deplete that and you have too many gaps

between shops. Then, by nature, you do not go to that particular location to experience what we described before. There is a risk of that. The upside is that more residential means more customers. If you get the healthy balance right, you have a vibrant town with more residents shopping in it. There is a way to get it right and, certainly for some of the industrial buildings, we would rather they were used for something than not. They are just derelict land. There is a balancing act there.

Q135 **Mary Robinson:** Darren, how would it affect Meadowhall?

Darren Pearce: There is a natural repurposing of assets that we have already talked about. I know you have talked about offices going to resi. We are talking about more logistics. There has been a flow and some trends that are clearly evident now that are coming out of Covid. We are proactively looking at those options now as a broader business, in terms of what we are doing.

It is interesting that, when we went into this crisis, there were all sorts of issues around retail, but it is looking at the right retail in the right locations. We have bought retail during the crisis, interestingly, maybe contrary to where we thought we would be before. We are repurposing a number of our assets at the moment, looking at how we transition them to alternative uses and understanding how we can do that.

Q136 **Mary Robinson:** Nigel, one would imagine that an office building close to one of your Wetherspoons being converted into residential would mean that more people could walk to the pub and not have to get an Uber or whatever home. How do you feel about the changes that are proposed to permitted development rights?

Nigel Connor: We would broadly welcome them. Going back to Sir John's point, there needs to be an element of control in so far as sometimes residential use may not necessarily work together with a hospitality use. There needs to be some level of protection for the existing use, through the agent of change principle.

For example, we operate a pub in Reading, which was very near to some very big office developments that then closed. We saw a subsequent fall in trade. Those offices were redeveloped as residential, and that trade has gone up as a consequence. That is a good example of how it can be a positive change with the necessary protections for the existing hospitality use. Clearly, having people in a town or city centre, whether they are there to shop, to work or to live, is beneficial.

Q137 **Brendan Clarke-Smith:** Good afternoon, everybody. I basically want to ask about the towns fund, so imagining the combined stronger towns fund, the future high streets fund and so on, to see whether you are supportive of it and the idea of it. Also, with Covid-19, some have suggested to us that perhaps some of these bids are out of date and that they should be able to revisit them. This is just to see what your impression is of these funds generally.

Sir John Timpson: I am clearly in favour of the funds, because they came out of work that I did two and a half years ago. There definitely needs to be that sort of financial support at this time. Do they need to update the bids? Some might do, but actually not much has changed. It has just accelerated things, so the need is perhaps more pressing. Just so we are clear, the amount of money involved, although it sounds a lot, is only a small part of getting things going. If what we are talking about really works in terms of some successful redevelopments and we actually are creating the town centres of the future, it is going to cost a lot more money than that.

Once people show it is a successful direction going forward, I think you will find that investment will be attracted into town centres, not just from the Government but from commercial people who can see the advantage of being involved. I do not know. I have not been involved in the individual allocation of the money, because I stopped my work on this when the report was produced. As I understand it, progress has been made but it has to be something that they keep up to date. Maybe some need to be changed, but I think the money is going in the right place. It has to be the right thing to do.

Nigel Connor: We would welcome any investment in town centres. In many town centres, we are the only national chain operator in place. Anything that can bring more retail use to those places would be very good, and not just retail use but, I suppose, any initiatives and events at the weekend, markets and things like that. Yes, we would want to be involved with that. I am not sure what framework exists or whether a framework is going to be set up to allow industry that is already in these places to participate in where that funding goes, but hopefully there will be a framework. I do not know whether the intention is to use the existing BIDs. If so, yes, we would support that.

I was speaking to a colleague about BIDs earlier on today and I said, "Well, how are they going? Do we find them favourable?" He made the very good point that, by and large, people vote to retain them, as opposed to getting rid of them. You know the framework as to how they work. That is an interesting example that BIDs seem to be working, in that we have seen very few voted out of existence. It is probably just a question of developing and revisiting them, as opposed to starting a new system.

Lee Frankham: Obviously, I would agree, and I favour them. I have made a very public pledge that we will not be shutting any stores due to the Covid impact, beyond our normal approach to looking at any retail profit stall. We are very much in favour of being invested in the high street and making sure that we are there, so any investment is absolutely supported by us. Whether it is being spent in the right place, I do not know. It is going to be a little bit of time before anyone knows the answer to that as we get back to normal. There are some milestones that are coming up very quickly that we are all looking forward to seeing the

results of around eating out, being allowed to go inside, no masks, et cetera. We will see.

Q138 **Brendan Clarke-Smith:** Darren, I suppose with Meadowhall you have a slightly different perspective on things. How have you found this fund? Do you think it works?

Darren Pearce: No, it is a positive thing. Just to flip this on its head, the USP of Meadowhall is the fact that we can galvanise the whole environment. We market it as one. We secure and we clean. The underlying hygiene factors attached to our environment and what happens here are a massive selling point to shoppers coming into our environment.

Of course, they are replicating that with BIDs in the city centre and using the future high streets fund—I know they were successful in Sheffield—to refocus where the retail is, which is essentially from Fargate to The Moor, but then to look at Fargate and use those funds to revitalise that area with a different emphasis. It was a very positive thing. It is the sort of thing that we do within our environment all the time, because we have control of it in a different way. We manage it more actively and effectively. If city centres can do that and galvanise the effort, it is a positive thing for the environment in terms of how you attract people to it.

Q139 **Brendan Clarke-Smith:** We spoke to Professor Cathy Parker, as we said earlier, and she was telling us that a lot of these bids have not necessarily always involved business or community enough. I just wondered whether any of you have been involved in these bids and what your experience has been. Is there anything we could do to strengthen these and the collaboration between business, partners and planners, so they are perhaps more transformational? Is there anywhere they are going right or anywhere they are going wrong at the moment? Sir John, you briefly touched on this.

Sir John Timpson: Yes, I have. Particularly, I was talking about the example from Accrington. Cathy has a very good feel for all this. I have spoken to her a few times during the year, so I still keep an interest in the work that we were doing together. She is at the stage of needing examples of where it is going to work. It must have been very difficult during the last 12 months for her and the task force to do what is required to be done against the background of shops being shut and all the rest of it.

I would have thought that she, or anyone who is involved in the towns fund, needs to be able to say, "This is what is working", rather than, "This is not working." We need examples of success. The great thing we have at the moment is that the Government and everybody are talking about the future of shopping. At least we are talking about what the future is, rather than the demise of shopping. I would like to see some real things happening. That can be used to encourage others to follow

suit. Judge us in another year. We have much more chance now we have high streets open again.

Nigel Connor: I have nothing further to add. I may have been slightly confused. Am I getting confused between bids for the towns fund and business improvement districts? I may be conflating the two. They are quite linked up.

Brendan Clarke-Smith: Yes, it is more about the towns fund and so on, and it has that linkage with communities and business.

Nigel Connor: It is just about ensuring that business is involved in the spending decisions and working out what works and what does not. Businesses are very expert at that. Sir John has talked about examples. We do that all the time. We put examples out there of what works in our pubs and what does not. We tend to find that people are inspired by seeing concrete examples. That would be something good to follow through on, for sure.

Q140 **Bob Blackman:** Sir John, the High Streets Task Force is based very much on the organisation that you chaired two and a half years ago. What is your assessment of the difference that the High Streets Task Force is making and can make in the current environment?

Sir John Timpson: The conclusions we came to two and a half years ago have not changed. If you look at that report, the thing we were talking about, creating a social hub and the need for people to be able, strangely enough, to have social contact with others, is probably even more important now. We were talking about exactly the right thing. The fact that we attracted money and got support has made sure that everyone is talking with the same voice. We have put to bed some of the nonsense about the high street being dead, and we are now really talking about the high street or town centres evolving.

As far as I am concerned, I would repeat the point again and again that we have done the right thinking, but it does not mean anything until we see things actually happening. I will repeat what I said earlier: give me three, four or five towns that can create something that really gets everyone going along, visiting it and saying, "Yes, that is a great idea. Now I can see how we can develop our place for the next 20 years." Then we really will have created something that is going to make a major difference.

Q141 **Bob Blackman:** Bill Grimsey, who is the author of the Grimsey review, surprisingly enough, which looked at the future of the high street, said he would like to see the High Streets Task Force be more involved in ensuring that local leaders have the right skills to lead the reimagination of the high streets and town centres. Do you agree with that view? If you do, how can the task force enable that to happen?

Sir John Timpson: I have met Bill, and we pretty well agree on most things. In the first place, they need to identify those local leaders. Almost inevitably, once they have identified the right local leader, they will have

the right skills. It is an entrepreneurial thing. It is a combination of being entrepreneurial, having a vision and people who are passionate about the place where they live. Put that in combination, and they might need a bit of support and organisation, but I am not sure that a training course for local leaders is going to help.

Q142 **Bob Blackman:** For example, it could be mayors. It could be council leaders. It could be business leaders. There is no monopoly on this. Do you think there is a case for engaging and training those people, and getting them thinking about what needs to be done in possibly an imaginative way? "This is the way we have always done it. That is the way we are going to do it now."

Sir John Timpson: I would have thought it would take only two or three local mayors to champion the right sort of development to get loads of others wanting to do the same. Honestly, I do not think a training course is going to help. We want people who are innovative and passionate. That comes from the individual. You are not going to roll out a particular way of doing things. Bill is quite right that you want to have individuals, but you have to find the person, rather than find someone and train them to become the person.

Q143 **Chair:** What you are saying to us, John, is that some of our towns and city centres are going to need some significant change, and it is going to need people with vision and the bravery to implement that vision, to actually make it happen.

Sir John Timpson: Yes, absolutely.

Chair: At that point, on a positive note that things probably need to change but they can be changed, and that there is a future for our high streets, towns and city centres, it has been really helpful to have evidence from you all today. It has been really interesting for the Committee. You have given us a lot of evidence to take forward into our report when we produce it. Thank you all very much indeed for contributing today. It has been really appreciated.