



House of Commons

Levelling Up, Housing and  
Communities Committee

---

# Supporting our high streets after COVID-19

---

**Sixth Report of Session 2021–22**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 1 December 2021*

**HC 37**

Published on 10 December 2021  
by authority of the House of Commons

## Levelling Up, Housing and Communities Committee

The Levelling Up, Housing and Communities Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Levelling Up, Housing and Communities.

### Current membership

[Mr Clive Betts MP](#) (*Labour, Sheffield South East*) (Chair)

[Bob Blackman MP](#) (*Conservative, Harrow East*)

[Ian Byrne MP](#) (*Labour, Liverpool, West Derby*)

[Brendan Clarke-Smith MP](#) (*Conservative, Bassetlaw*)

[Florence Eshalomi MP](#) (*Labour, Vauxhall*)

[Ben Everitt MP](#) (*Conservative, Milton Keynes North*)

[Rachel Hopkins MP](#) (*Labour, Luton South*)

[Andrew Lewer MP](#) (*Conservative, Northampton South*)

[Mary Robinson MP](#) (*Conservative, Cheadle*)

[Matt Vickers MP](#) (*Conservative, Stockton South*)

[Mohammad Yasin MP](#) (*Labour, Bedford*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

© Parliamentary Copyright House of Commons 2021. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at [www.parliament.uk/copyright/](http://www.parliament.uk/copyright/)

Committee's reports are published on the Committee's website at [www.parliament.uk/hclg](http://www.parliament.uk/hclg) and in print by Order of the House.

### Committee staff

The current staff of the Committee are Gary Calder (Senior Media and Communications Officer), Eldon Gallagher (Committee Operations Officer), Edward Hicks (Committee Specialist), Thomas Lacy (Committee Operations Manager), Rebecca Lees (Second Clerk), Carl Makin (UKRI Policy Intern), Paul Owen (Committee Specialist), Owen Sheppard (Media and Communications Officer), and Joanna Welham (Clerk).

### Contacts

All correspondence should be addressed to the Clerk of the Levelling Up, Housing and Communities Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5364; the Committee's email address is [luhccom@parliament.uk](mailto:luhccom@parliament.uk).

You can follow the Committee on Twitter using [@CommonsLUHC](https://twitter.com/CommonsLUHC)

# Contents

---

<b>Summary</b>	<b>5</b>
<b>Introduction</b>	<b>9</b>
<b>1 Supporting high streets through covid-19</b>	<b>11</b>
Support from Government	11
Support from local authorities and businesses	12
Reception of government support	13
Support by geography	13
Support by sector	14
Businesses excluded from government support	14
Fear of a cliff-edge	15
Feedback on individual schemes	15
Non-fiscal support for high streets and town centres	17
Learning lessons	18
<b>2 Building back better high streets</b>	<b>20</b>
The case for mixed-use high streets	20
The role of plans	22
Need for collaboration	22
Need for resource	23
Social value	24
The impact of covid-19 on consumer trends	25
Where consumers shop	26
What consumers are buying	27
Where people work	27
Adapting to the new normal	28
15-minute city	28
Providing flexibility for consumers	30
Business adaptations	31
Government interventions	32
Business Improvement Districts	33
Predecessor Committee's recommendations	33
Efficacy	34
Community Improvement, Property Ownership and Place Improvement Districts	34
Compulsory Purchase Orders	35

<b>3</b>	<b>Government support for high streets</b>	<b>37</b>
	Towns Fund	37
	Levelling Up Fund	37
	UK Community Ownership Fund	38
	UK Community Renewal Fund and UK Shared Prosperity Fund	38
	Allocation	39
	The drawbacks of competition	39
	The Towns Fund allocation process	40
	Spread and reach of funding	40
	Purpose	41
	Criteria for applications	41
	Aims of the funds	42
	Measuring success	42
	Capital versus revenue funding	43
	Transparency	43
	Identity of failed bids	43
	Cost of failed bids	44
	Decision-making process	44
	High Streets Task Force	46
<b>4</b>	<b>Changes to use classes and permitted development rights</b>	<b>48</b>
	Impact of extended PDRs on high streets and town centres	48
	Sequential test	49
	Undermining plan-led development for cohesive high streets	49
	Impact on house prices	50
	How to make the most of PDRs	50
	Implementing controls	50
	Assessing impact	50
	Monitoring Article 4	51
<b>5</b>	<b>Business rates and taxation</b>	<b>53</b>
	Response to the Government's reforms to business rates	53
	The need for long-term reform	54
	Too many reliefs	54
	Transitional relief	55
	Online sales tax	55
	General business taxation	57

<b>6</b>	<b>Landlords and tenants</b>	<b>58</b>
	Commercial rents during the covid-19 pandemic	58
	Company Voluntary Arrangements	59
	Landlord and Tenant Act 1954	59
<b>7</b>	<b>Skills and transport</b>	<b>61</b>
	Skills	61
	Transport	62
	Parking	62
	Public transport	63
	Active travel	63
	Freight	64
	<b>Conclusions and recommendations</b>	<b>67</b>
	<b>Formal minutes</b>	<b>75</b>
	<b>Witnesses</b>	<b>76</b>
	<b>Published written evidence</b>	<b>77</b>
	<b>List of Reports from the Committee during the current Parliament</b>	<b>79</b>



## Summary

When our predecessor Committee said of high streets in 2019, “Without a crystal ball, we cannot predict what changes lie ahead”, little could one have imagined that just over a year later, a global pandemic would dramatically alter our high streets almost overnight. **We commend the Government for acting decisively and quickly to implement a wide-ranging package that supported high street businesses during the covid-19 pandemic. We also praise local authorities, Business Improvement Districts, the High Streets Task Force, and others, for their work on the ground to protect high streets and the public’s health.**

We also received criticisms of how support did not always reach the businesses that needed it and how some other covid-19 measures could have been handled differently, such as the Government’s guidance on face coverings.

- *We recommend that the Government conduct a full lessons learned review that specifically examines the impact of the handling of the pandemic at central and local government level on the short- and long-term health of high streets and town centres. The Government may wish to consider high streets in its independent inquiry into the Government’s handling of the pandemic, but given the pressing challenges facing the high street it should conduct a separate review immediately.*
- *While we consider that an immediate lessons learned review is needed, we recognise that the pandemic is not over. The Government should continue to monitor the impact of the full range of covid-19 business support that affects the high street with a view to being prepared to adjust such support in case of a serious new variant or variants.*

In July 2021 the Department set out how it intends to support high streets and town centres to “build back better” from the pandemic through its *Build Back Better High Streets* strategy. There is much that we welcome about the strategy, but we are concerned that aspects of it—the absence of a plan for ensuring local authorities have the capacity to develop effective place partnerships and place leadership; disparate, competitive funding streams for town centre regeneration; and extended permitted development rights—will thwart the development of holistic, comprehensive strategies for building back better high streets.

The need for high streets to be well-planned in the round and not on a unit-by-unit basis has become more urgent owing to consumer trends that have been either introduced or accelerated by the pandemic. The continuing rise of online retail and the likely increase of hybrid working after the pandemic mean that local planners need to consider a mix of uses and experiences that best meet the needs of the local area. Local Plans and plans for high streets must be updated regularly in order to keep pace with changing trends: a plan that is more than five years old will do little to support a high street for the future. They also require collaboration between local authorities, the business community, property owners, and the local community—but we heard that local authorities and the High Streets Task Force lack the resource to instil the necessary place-making and place leadership skills in local leaders throughout the country.

- *The Government should publish annually a list of which areas have strategies for their high streets and town centres and when they were last updated.*
- *We call on the Government to provide additional funding for local authorities to build place partnerships and place leadership.*
- *The Government should assess the impact of making flexible working the default on high streets and town centres.*

Several government funding streams are available to local authorities for town centre regeneration, including the Towns Fund, Levelling Up Fund, and UK Community Renewal Fund. These funding streams suggest that the Government has made high street regeneration an increasing policy priority since our predecessor Committee's report. However, we have concerns about competitive bidding, transparency with regard to unsuccessful applications, and how the schemes will be evaluated. **The Government's current approach to funding town centre regeneration—in line with its approach to allocating funding to local government generally—is too complex, short-term, and fragmented. Ultimately this funding approach may hamper rather than facilitate the Government's ambitions to build back better high streets, which require funding for long-term, comprehensive strategies for town centres in the round.**

- *The Government must move away from its current funding approach of multiple disparate grants for relatively small sums of money for which local authorities must compete, instead combining fewer grants of larger sums of money with a sustainable long-term funding settlement for local government and greater devolution of funding and powers. It should seriously consider not making the UK Shared Prosperity Fund a competitive fund.*
- **It is important for the Government not just to evaluate the success of the individual funds, but also to have a clear framework for how the different funds will work together to achieve high street and town centre regeneration at the scale that is required in all the places the need it. *The Government should set out an overarching evaluation framework for its Build Back Better High Streets Strategy, including how funds available for high street regeneration contribute to successful delivery of outcomes.***
- *For each competitive fund available for high streets, the Government should publish the full list of local authorities whose bids were unsuccessful in each round.*

As we heard in our inquiry on permitted development rights, recent changes to permitted development rights to permit change of use from commercial to residential without planning permission risk undermining cohesive visions for high streets and town centres. Housing has a valuable role to play in mixed-use high streets, but must be properly planned, not unit-by-unit. **We are concerned that the Government's current approach may introduce so much flexibility as to create an imbalance between housing and other high street uses.**

- **We are not persuaded that the Government has sufficient evidence to justify extending permitted development rights in this way, without any pilots. As**



*part of the review of permitted development rights which we recommended in our recent report on the same subject, the Government should include an evaluation of their impact on high streets and town centres, including Article 4 directions.*

- **We are concerned by the Government’s confirmation that change of use from office to retail no longer requires a sequential test to protect main town centre uses, and we welcome the Secretary of State’s recent commitment to us to look again at this issue.**

Business rates are a key source of income for local authorities, but are a significant barrier to the survival and prosperity of high street businesses, particularly in the face of competition from online retailers whose warehouses tend to be in areas with lower rateable values and therefore lower business rates. The Government recently published the outcome of its fundamental review of business rates, which included an announcement that it will consult on an online sales tax. We welcome aspects of the Government’s reforms to business rates, but are concerned that they do not amount to long-term or fundamental reforms that will make a significant difference to high street businesses.

- *The Government should set out its plan for when the 50% discount for retail, hospitality and leisure businesses comes to an end after a year, such as a permanent reduction in the multiplier. The plan needs to be for long-term reform of business rates that reduces the need for a complicated system of reliefs, and does not reduce income for local authorities.*
- **We support the principle of an online sales tax and welcome the consultation. We particularly welcome that revenue from an online sales tax would be used to reduce business rates for retailers. We look forward to further detail on the scope of the consultation, which we recommend must consider:**
  - *the impact on multichannel retailers;*
  - *the scope of the tax, including which sectors it will be levied on (such as groceries and holidays) and whether it will apply to Click and Collect;*
  - *how revenue will offset business rates for retailers in a meaningful way and on a permanent basis;*
  - *how the tax may sit alongside work by the OECD to develop a consensus solution to the tax challenges of digitalisation; and*
  - *the impact on local authority income.*

As our predecessor Committee highlighted, landlords are often the least visible but among the most significant stakeholders on the high street. We fear that the pandemic may have increased the strain on some of these relationships owing to disputes over rent payments. Beyond covid-19-related rent arrears, wider issues affecting commercial landlords and tenants must be addressed to support thriving high streets.

- *Alongside the legislation that the Government has introduced to address commercial rent arrears, explicit guidance will be required to define exactly what is meant by ringfencing arrears and the periods to which ringfencing applies. As well as differences by sector, this guidance must take into account local restrictions.*
- *We welcome the Government's decision to review the Landlord and Tenant Act 1954, Part II, as recommended by our predecessor Committee. The Government should consider, whether separately or as part of the review, how to make commercial property ownership more transparent and property owners more easily contactable, such as through a national register of landlords.*

Ensuring that workers have the right skills to adapt to the changing high street economy is vital for supporting our high streets after covid-19. **We are concerned that the Government lacks a joined-up approach for generating jobs on the high street and ensuring that those working on the high street have the opportunity to develop appropriate skills.** *The Government should set out its targets for high street employment and how they relate to its plans for skills and jobs.*

Providing convenient and reliable means of accessing high streets is key to maximising their use.

- **While we recognise that some provision of parking to access high streets and town centres is necessary for accessibility reasons, strategies for high streets should seek to minimise car use and increase public transport and active travel.**
- *The Government should embed the accessibility of high streets by public transport—by people of all characteristics and from all backgrounds—in transport policy.*

## Introduction

---

1. Our predecessor Committee said in its February 2019 report, *High streets and town centres in 2030*: “Without a crystal ball, we cannot predict what changes lie ahead”.<sup>1</sup> Little could one have imagined that just over a year later, a global pandemic would dramatically alter our high streets almost overnight. As the country began to emerge from the first national lockdown, we decided to launch an inquiry to investigate the likely long-term consequences of covid-19 on high streets and town centres, and explore how government at all levels could mitigate the pandemic’s economic and social impacts and ensure high streets remain the centre of local communities.

2. We launched our call for evidence on 15 July 2020 and received 49 written submissions. We held five evidence sessions, hearing from representative groups and high street experts in November 2020 and January 2021, from high street businesses in May 2021, from international academics in June 2021, and finally in July 2021 from the then Minister for Regional Growth and Local Government, Luke Hall MP, and the Minister for Small Business, Consumers and Labour Markets, Paul Scully MP. We are grateful to all those who gave evidence for their time and their contributions to our inquiry. We especially thank those businesses who made time to give evidence to our inquiry during such a turbulent period. We also wish to express our thanks to our specialist advisers, Professor Christine Whitehead, Emeritus Professor of Housing Economics at the London School of Economics and Political Science, Kelvin MacDonald, Senior Fellow at the Department of Land Economy, University of Cambridge, Professor Tony Travers, Professor in Practice, Department of Government, London School of Economics and Political Science, and Aileen Murphie, Honorary Professor, Durham Business School.

3. On 15 July 2021, after we had finished taking evidence for our inquiry, the then Ministry for Housing, Communities and Local Government (MHCLG), now the Department for Levelling Up, Housing and Communities (DLUHC), published its strategy for high streets and for how high streets and town centres can adapt and thrive after the covid-19 pandemic: *Build Back Better High Streets*.<sup>2</sup> The following day the Department for Business, Energy and Industrial Strategy (BEIS) published its *Hospitality strategy: reopening, recovery, resilience*.<sup>3</sup>

4. We begin this report by reviewing the assistance offered to support high streets and town centres throughout the covid-19 pandemic. We then consider how our evidence indicates high streets should be built back better from covid-19, in particular by prioritising the act of planning mixed-use high streets through collaboration between all stakeholders. Next, we evaluate the extent to which the Government’s *Build Back Better High Streets* strategy supports the vision for building back better high streets suggested by our evidence, through the strategy’s support of place-making and place partnerships, funding, and approach to permitted development rights. Finally, we consider key themes that emerged as central to the successful revitalisation of high streets and town centres: business rates and taxation, relations between landlords and tenants, skills, and transport.

---

1 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 168

2 MHCLG, [Build Back Better High Streets](#), July 2021

3 BEIS, [Hospitality strategy: reopening, recovery, resilience](#), July 2021

5. Throughout our inquiry we heard numerous tributes to those workers who kept high streets and town centres going during the pandemic, both those working in essential retail who risked their own safety to enable others to access essential items, and those who adapted to new working practices, often at short notice, to enable businesses to continue trading. We too express our sincerest thanks for the extraordinary efforts of all those involved in helping to sustain both retail and the broader high street during this unparalleled time.

# 1 Supporting high streets through covid-19

---

6. As part of our inquiry we asked how councils, central government, and other stakeholders were helping and could help to mitigate the impacts of covid-19 on the high street and town centres. The majority of the evidence we received focused on support from central government, but we also heard about the efforts of local authorities and businesses, including Business Improvement Districts, which were affected by the policies made by central government. Most of our evidence focused on the fiscal support packages offered by the Government to high street businesses, but some pointed to other initiatives that were vital to the recovery of the high street, such as the guidance on wearing face masks and the Test and Trace system.

## Support from Government

7. The Government support schemes offered to many but not all businesses during the pandemic have been manifold and wide-ranging, and many high street businesses benefited from these. These include, but are not limited to:

- the Coronavirus Job Retention Scheme (more commonly known as the ‘furlough’ scheme), which paid a proportion of a furloughed employee’s salary (80% until 30 June 2021, 70% until 31 July 2021, and 60% until 30 September 2021), open to any entity with a UK payroll;
- a range of loan schemes for businesses across the UK, including the Coronavirus Business Interruption Loan Scheme, the Bounce Back Loan Scheme, and more recently the Recovery Loan Scheme;
- a range of grants for local authorities in England, including the Local Restrictions Support Grant, Restart Grant, Additional Restrictions Grant, and Local Authority Discretionary Grant; and one-off cash grants of up to £25,000 to businesses in England in the retail, hospitality, and leisure sectors with a rateable value up to £51,000;
- 100% business rates holiday in England for retail, hospitality, and leisure businesses, falling to 66% relief from June 2021–March 2022;
- a moratorium on evictions of commercial tenants in England and Wales, extended until March 2022, and with legislation introduced to ringfence outstanding unpaid rent built up during the pandemic;<sup>4</sup>
- the UK-wide ‘Eat Out to Help Out’ initiative; and
- a VAT cut from 20% to 5% for UK hospitality, accommodation, and visitor attractions, from 15 July 2020 to 30 September 2021, rising to 12.5% until 31 March 2022, when it reverts to 20%.

We do not purport to offer a complete analysis of every scheme, but instead to represent the views expressed in our evidence on the Government’s support package in the round and

---

4 [Commercial Rent \(Coronavirus\) Bill](#) [Bill 189 (2021–22)]

on individual schemes to which the evidence drew our attention. Detailed information on the various covid-19 government support schemes is available in the House of Commons Library briefing papers: *Coronavirus: support for business* and *Hospitality industry and Covid-19*,<sup>5</sup> and further parliamentary scrutiny of these schemes has been conducted by the BEIS Committee, Public Accounts Committee, and Treasury Committee.<sup>6</sup>

## Support from local authorities and businesses

8. We heard that local authorities supported high streets and town centres throughout the pandemic by: directly administering government funds worth billions of pounds; helping local areas to reopen safely by action planning; communicating with the public; temporarily increasing the width of pavements; providing signage and street marshals; and changing road allocations to support cyclists and pedestrians.<sup>7</sup> We learned of innovative ways in which individual councils supported their local areas, such as Watford Borough Council creating a confidence mark to assure residents that retailers were complying with covid-19 secure procedures, and the City of London Corporation providing small and medium businesses with market data and online briefings.<sup>8</sup>

9. We also received evidence on the support provided to high streets and town centres by Business Improvement Districts (BIDs), which are “business-led and business funded” bodies “formed to improve a defined commercial area”.<sup>9</sup> They acted as a central point of contact between local authorities and businesses, providing advice and guidance on government support and helping high streets and town centres to reopen safely by supporting or leading the implementation of covid-19 secure measures.<sup>10</sup> Individual BIDs supported their local high streets and town centres in various ways, for example: Milton Keynes BID undertook a consumer survey to gauge attitudes of residents towards returning to shopping and leisure activities; North Notts BID helped to develop a system where residents could see how busy their town centre was before deciding whether to visit or shop and helped to develop local trails that promoted local businesses while offering residents an activity to keep them occupied during the lockdown;<sup>11</sup> and Stratford BID matched workers made redundant from the hospitality sector with vacancies at grocery retailers.<sup>12</sup>

10. We heard how high streets and town centres received further support from the High Streets Task Force, which was formed on the recommendation of Sir John Timpson

5 *Coronavirus: support for businesses*, Commons Briefing Paper [CBP-8847](#), House of Commons Library, 24 June 2021; *Hospitality industry and Covid-19*, Commons Briefing Paper [CBP-9111](#), House of Commons Library, 23 March 2021

6 BEIS Committee, Second Report of Session 2019–21, [The impact of coronavirus on businesses and workers](#), HC 1264; Public Accounts Committee, Thirty-third report of Session 2019–21, [Covid-19: Bounce Back Loan Scheme](#), HC 687; Public Accounts Committee, Thirty-fourth report of Session 2019–21, [Covid-19: Support for jobs](#), HC 920; Treasury Committee, Eighth Report of Session 2019–21, [Economic impact of coronavirus: the challenges of recovery](#), HC 271

7 Local Government Association ([SHS 008](#)) paras 4.3–4.6; District Councils Network ([SHS 011](#))

8 District Councils Network ([SHS 011](#)); City of London ([SHS 025](#))

9 British BIDs ([SHS 023](#))

10 The BID Foundation ([SHS 020](#)); British BIDs ([SHS 023](#))

11 British BIDs ([SHS 023](#)) Appendix 1

12 Revo ([SHS 026](#)) para 14; Association of Town and City Management ([SHS 040](#))

CBE's expert panel in 2018 and is run by the Institute of Place Management.<sup>13</sup> Its support included developing a "Covid-19 recovery framework", "running webinar series", and releasing 1,000 dashboards to "help people monitor the recovery in town centres".<sup>14</sup>

## Reception of government support

11. The Government's fiscal support package drew extensive praise in our evidence, being described by many as a lifeline. This was well encapsulated by the British Retail Consortium:

Government support to industry, and particularly to retail, during this pandemic has been vital, unprecedented, and welcome... Without doubt, the 100% business rates relief for 2020/21 and the various moratoria on rent-related debt enforcement by landlords has stopped otherwise healthy businesses from going into administration, with all the associated job losses, reduced tax revenue and social and economic damage that creates.<sup>15</sup>

Polling of 1,200 independent retailers in July 2020 by the Association of Convenience Stores found that, thanks to the Government's financial support, 42% were able to keep their stores open when otherwise they would have closed.<sup>16</sup> The Booksellers Association wrote that the measures "have undoubtedly saved many bookshops across the UK".<sup>17</sup> The British Beer and Pub Association wrote that the retail, hospitality and leisure grants "undoubtedly saved many pubs from having to close for good".<sup>18</sup> However, we also note criticism from the Public Accounts Committee that in the interests of speed the Government made decisions that could have cost billions in fraud and error—between £2 and £4 billion from the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme and between £16 and £27 billion from the Bounce Back Loan Scheme—billions that we think could instead have been channelled into revitalising our town centres.<sup>19</sup> According to recent media reports, £5.5 billion was lost to fraud or error from the furlough, self-employed income support and Eat Out to Help Out schemes.<sup>20</sup>

## Support by geography

12. While contributors spoke in very positive terms about the fiscal support offered by the Government, and were understanding of the need to move quickly—particularly in the early stages of the pandemic—they criticised ways in which support did not always reach those who needed it. Core Cities described the impacts of covid-19 on places and people as "asymmetric" and regretted that "many responses have been, and still are, place blind", arguing: "Just as there is no national high street, there can be no single one-size-fits-all policy response".<sup>21</sup> During the second national lockdown in November 2020 Dominic Curran, Policy Adviser, Property, British Retail Consortium, told the Committee that

13 High Streets Task Force, [Who are the Task Force?](#)

14 [Q14](#) (Professor Cathy Parker)

15 British Retail Consortium ([SHS 028](#)) para 4

16 Association of Convenience Stores ([SHS 042](#)) Figure A

17 Booksellers Association ([SHS 016](#))

18 British Beer and Pub Association ([SHS 018](#))

19 Public Accounts Committee, Thirteenth Report of Session 2019–21, [Initial Lessons from the government's response to the COVID-19 pandemic](#), HC 175, para 5

20 ["Over £5.5bn of Covid support funds lost to fraud or error"](#), *The Guardian*, 4 November 2021

21 Core Cities ([SHS 044](#)) paras 4.1, 4.4



there was a case for making support “more geographically targeted” to “much more urban locations”, as they had experienced the biggest fall in activity.<sup>22</sup> Contributors also pointed out that since the grants for retail, hospitality and leisure businesses were based on the rateable values used to calculate business rates, businesses in areas where property values are high were less able to access support.<sup>23</sup> The Institute for Fiscal Studies suggested that the Government could have “set different grant eligibility thresholds for different regions of the country to reflect differences in rateable values”.<sup>24</sup> We will explore business rates more fully later in this report.

### **Support by sector**

13. Others argued that their sectors had been excluded from government support and called for support targeted to their sectors, such as the British Dental Association, ukactive (representing the physical activity sector), representatives of the gaming industry, and representatives of retail and wholesale markets.<sup>25</sup> While the hospitality sector received targeted support through the VAT cut to 5% and the Eat Out to Help Out scheme, the Society of Independent Brewers (SIBA) pointed out that the exclusion of alcohol from these favoured “those larger venues that can offer food”.<sup>26</sup> This echoes the findings of the BEIS Committee, which heard of other sectors including health and beauty that did not receive targeted support.<sup>27</sup>

### **Businesses excluded from government support**

14. While significant support was offered to high street businesses, the exclusion of suppliers from these schemes put pressure on the whole supply chain. SIBA described how when pubs closed, “breweries lost 80% of their sales overnight but have not had access to the Business Rate holiday or the full grant package”, and consequently called for the Government’s support package to “include primary supply manufacturers”.<sup>28</sup> Local Authority Discretionary Grants could be drawn on to support supply chain businesses, but Martin McTague, National Vice Chair, Policy and Advocacy, Federation of Small Businesses, told us that they were “far too complex and difficult to access” to be enough on their own to support the supply chain.<sup>29</sup> These grants were also criticised for having locally determined criteria that resulted in “random application by local authorities”.<sup>30</sup> Finally, witnesses highlighted the unfairness that one business, classed as ‘essential’, could provide clothing, greetings cards, et cetera, while another business providing the same goods and services had to close, as described by Councillor Mark Crane, Lead for Economic Development, District Councils Network:

---

22 [Q28](#)

23 British Beer and Pub Association ([SHS 018](#)); ukactive ([SHS 019](#)); City of London Corporation ([SHS 025](#)) para 10; [Q79](#) (Ros Morgan)

24 Institute for Fiscal Studies, “[COVID-19 support through the business rates system: how does the pattern of support vary across England?](#)”, 13 June 2020

25 British Dental Association ([SHS 021](#)) paras 5, 8; ukactive ([SHS 019](#)); Bacta ([SHS 036](#)) paras 17–28, 31–35; Gauselmann ([SHS 043](#)), paras 14–20, 23–25; National Association of British Markets ([SHS 010](#)); Mr Ian Harrison (Markets Manager, Newark Town Council) ([SHS 029](#))

26 Society of Independent Brewers ([SHS 002](#)) para 2

27 BEIS Committee, Second Report of Session 2019–21, [The impact of coronavirus on businesses and workers: interim pre-Budget report](#), HC 1264, para 42

28 Society of Independent Brewers ([SHS 002](#)) para 3

29 [Q78](#)

30 National Association of British Market Authorities ([SHS 010](#))



I feel very sorry for you if you have a children's shop selling children's clothes and you have been shut while Tesco, Morrisons and Sainsbury's have happily been selling children's clothes. It does seem very unfair if you get the same relief as Tesco and Morrisons, so that should be more evenly distributed.<sup>31</sup>

### ***Fear of a cliff-edge***

15. Although our evidence expressed gratitude for the Government's extensive package of financial support, submissions expressed fear of a "cliff-edge" when support schemes wrapped up,<sup>32</sup> and called for various schemes to be extended or unwound gradually in order to allow businesses to "trade their way out of the debt that has unavoidably built up for many of them during lockdown and since".<sup>33</sup> Several of the Government's support schemes, including the furlough scheme, moratorium on evictions, and business rates relief, have since been extended and/or tapered, but none were extended when the Government decided to delay the final stage of its roadmap out of lockdown by four weeks from 21 June to 19 July 2021. The then Minister for Regional Growth and Local Government said that rather than being a cliff-edge, the Government's approach was "a carefully designed transition of support", which he also described as "phased out support" that "errs on the side of generosity", and pointed out that most of the schemes extend "well past 19 July, into September and beyond".<sup>34</sup> The Minister for Small Business, Consumers and Labour Markets added that the possibility of the delay to 19 July was "very much factored in by the Chancellor in his [March 2021] Budget",<sup>35</sup> in which the Chancellor had decided to "go long".<sup>36</sup>

### ***Feedback on individual schemes***

#### ***Business rates holiday***

16. We received evidence criticising the business rates holiday for not reaching all those who would have benefited from it. Many criticised the exclusion of businesses with a rateable value above £51,000 from the retail, hospitality and leisure grants.<sup>37</sup> Revo pointed out that 70% of hospitality businesses sit above this threshold, leading to Croydon BID starting a "Raise the Bar" campaign to raise the eligibility threshold to £150,000,<sup>38</sup> and Bacta, the trade association for the amusement machine industry, suggested that "tapered relief would have been more equitable".<sup>39</sup> Similarly, we received evidence criticising the exclusion of Parish Councils from both the business rates holiday and the retail, hospitality

---

31 [Q47](#)

32 National Hair & Beauty Federation ([SHS 009](#)); Booksellers Association ([SHS 016](#)); Union of Shop, Distributive and Allied Workers ([SHS 017](#)); Revo ([SHS 026](#))

33 British Retail Consortium ([SHS 028](#)) para 5

34 [Q165](#)

35 [Q166](#)

36 [Q180](#)

37 Society of Independent Brewers ([SHS 002](#)); British Independent Retailers Association ([SHS 015](#)); British Beer and Pub Association ([SHS 018](#)); ukactive ([SHS 019](#)); The BID Foundation ([SHS 020](#)); London Borough of Croydon ([SHS 035](#)); Bacta ([SHS 036](#)); Association of Town and City Management ([SHS 040](#)); Mayor of London ([SHS 041](#)); [Q79](#) (Ros Morgan)

38 Revo ([SHS 026](#)) para 27

39 Bacta ([SHS 036](#)) para 14

and leisure grants, since they “received near catastrophic income losses”.<sup>40</sup> Additionally, the business rates holiday had an unfortunate consequence of leading to a loss of income for BIDs. Because businesses associate business rates with BID levies (“where the only links are that local authorities collect [BID] levies”), the business rates holiday meant that as of September 2020 BIDs had collected only up to 60% of levies, which in turn led to services being cancelled and staff being furloughed.<sup>41</sup> According to the BID Foundation, the £6.1 million government fund introduced in May 2020 to support BID activity through the pandemic “assisted but did not go far enough to bridge the shortfall”.<sup>42</sup>

### *Loans and Reopening High Streets Safely Fund*

17. The British Independent Retailers Association expressed concern that loans—which were the “only option” for independent retailers with a rateable value above £51,000 and therefore ineligible for grants—were not a “real long-term solution”,<sup>43</sup> and the London Borough of Croydon’s evidence referred to analysts’ “concerns about loan default rates in the face of continued weak consumer demand”.<sup>44</sup> While the Bounce Back loan scheme was received positively by the gaming industry, its representatives wrote that applications to the Coronavirus Business Interruption Loan Scheme took “too long” to process and that banks refused applications in contravention of the Government Guarantee.<sup>45</sup> The British Dental Association recommended that the maximum repayment term for both loan schemes should be extended beyond six years.<sup>46</sup> Both the District Councils Network and the Association of Town and City Management suggested that there were too many limitations on what the Reopening High Streets Safely Fund could be used for.<sup>47</sup>

### *Eat Out to Help Out*

18. The Eat Out to Help Out scheme was well received in evidence,<sup>48</sup> with the BID Foundation describing the scheme as a “much needed shot in the arm for the hospitality sector”.<sup>49</sup> While it was suggested that it “did not seem to bring any benefit to the retail sector”,<sup>50</sup> Lee Frankham, Director of Retail at EE and BT, BT Group, told the Committee that the Eat Out to Help Out scheme did in fact support retail by boosting footfall on the high street, saying: “While I was not directly affected, we did see the benefits of such schemes”.<sup>51</sup> Others praised the scheme for improving consumer confidence to return to the

40 Association of Town and Centre Management ([SHS 040](#)) para 3

41 The BID Foundation ([SHS 020](#))

42 MHCLG, “£6.1 million funding boost to help high streets and town centres through pandemic”, 1 May 2020; The BID Foundation ([SHS 020](#))

43 British Independent Retail Association ([SHS 015](#))

44 London Borough of Croydon ([SHS 035](#)) para 3

45 Bacta ([SHS 036](#)) para 16; Gauselmann ([SHS 043](#)) para 13. For further analysis of the Bounce Back Loan Scheme, see Public Accounts Committee, Thirty-third report of Session 2019–21, [Covid-19: Bounce Back Loan Scheme](#), HC 687

46 British Dental Association ([SHS 021](#)) para 8

47 District Councils Network ([SHS 011](#)); Association of Town and City Management ([SHS 040](#)) para 3

48 The BID Foundation; Booksellers Association ([SHS 016](#)); Revo ([SHS 026](#)) para 16; London Borough of Croydon ([SHS 035](#)); Institute of Place Management ([SHS 037](#)) para 3.3.3; Association of Town and City Management ([SHS 040](#))

49 The BID Foundation ([SHS 020](#))

50 Association of Town and City Management ([SHS 040](#))

51 [Q104](#)

high street,<sup>52</sup> though we note research which found that the scheme caused “a significant rise in new infections”, accelerated the second wave of the pandemic, and generated only “short-lived” economic benefits.<sup>53</sup>

## **Non-fiscal support for high streets and town centres**

### **Pavement licenses**

19. In addition to the fiscal support on offer, some evidence pointed to other aspects of the Government’s handling of the covid-19 pandemic that affected the recovery of high streets. We heard that temporary changes to streamline the pavement license regime through the Business and Planning Act 2020 that enabled hospitality to increase outdoor seating were “welcomed by many in the industry”.<sup>54</sup> However, others suggested that the success of this was inconsistent across local authorities, as some chose not to “create additional carrying capacity”<sup>55</sup> and others waited until the legislation was passed part way through the summer of 2020 to implement the streamlined process, which “came too late”.<sup>56</sup> In March 2021 the Government extended temporary pavement licenses for a further 12 months, and the *Build Back Better High Streets* strategy commits in principle to making them permanent, as well as considering how to build on the success of covid-19 pavement license provisions.<sup>57</sup>

### **Test and Trace and face coverings**

20. Nearly half of respondents to an Association of Town and City Management survey “viewed the test and trace experience for business negatively”, based on “an overall lack of guidance” and “concern about the logistics and realistic success of the app roll out in England”.<sup>58</sup> We note too that issues with Test and Trace had a direct impact on high street businesses’ ability to staff their operations and thereby support the reopening of the high street economy this summer due to the so-called “pingdemic”, when hundreds of thousands were instructed to self-isolate by the NHS covid-19 app.<sup>59</sup> At different times during the pandemic, there has been a legal requirement to wear face coverings in certain indoor settings including shops, unless you have an exemption—and this has been recently reintroduced following the emergence of the Omicron variant. The Association of Town and City Management’s survey also indicated that “[t]he UK Government’s handling of face coverings in shops and other town centre businesses was not received well”.<sup>60</sup> We heard of disputes over face masks leading to “altercations” and “threats...to infect staff with COVID-19”.<sup>61</sup> Darren Pearce, Centre Director at Meadowhall Shopping Centre, said:

52 Revo (SHS 026) para 16; London Borough of Croydon (SHS 035)

53 Thimo Fetzer, [Subsidizing the spread of COVID19: Evidence from the UK’s Eat-Out-to-Help-Out scheme](#), CAGE working paper no.517, October 2020

54 Royal Town Planning Institute (SHS 003) para 22

55 Institute of Place Management (SHS 037) para 2.2.2 and 3.2.2

56 Association of Town and City Management (SHS 040)

57 MHCLG, [“Jenrick confirms extension of pavement licenses to help high streets recover”](#), 8 March 2021; MHCLG, [Build Back Better High Streets](#), July 2021, paras 34, 36

58 Association of Town and City Management (SHS 040)

59 [“Pingdemic: Bar staff being told to delete NHS Covid-19 app”](#), BBC, 29 July 2021

60 Association of Town and City Management (SHS 040)

61 Federation of Independent Retailers (SHS 042) para 18

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.<sup>62</sup>

Nigel Connor, Company Secretary, JD Wetherspoon, pointed to the situation in other countries, where “objective proof” of exemptions from face-coverings was required.<sup>63</sup> When we asked whether the Government would consider a scheme for medical criteria for exemptions, the Minister for Small Business, Consumers and Labour Markets agreed to write to us,<sup>64</sup> but the letter simply outlined the guidance following the lifting of restrictions on 19 July 2021, which recommended but did not require the use of face masks.<sup>65</sup>

21. A final aspect of non-fiscal support for high street businesses during the pandemic is the issue of commercial rent arrears and the moratorium on commercial evictions, which we will address in chapter 6.

## Learning lessons

22. The then Minister for Regional Growth and Local Government and Minister for Small Business, Consumers and Labour Markets explained to us how they evaluated covid-19 support for high streets during the pandemic by working with the Urban Centre Recovery Taskforce to analyse data and communicating with local authorities and businesses to gather feedback.<sup>66</sup> They offered two examples of how this activity influenced policy. They referred to £1.5 billion of extra grant support for businesses that had not previously had access to relief, delivered through the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill.<sup>67</sup> They also referred to the Government changing from a “per resident” to “per business” basis for grants, citing the City of London as an example of an area that missed out from the “original grants”.<sup>68</sup>

23. When asked whether the Government planned to do a formal review of its covid-19 support for high streets, the Minister for Small Business, Consumers and Labour Markets referred to the “independent statutory public inquiry on the lessons learned over Covid in its entirety”, which he said “includes support as well, I am sure”.<sup>69</sup> The public inquiry is expected to begin in spring 2022, with work to establish its terms of reference commencing before this.<sup>70</sup> Separately, the Government’s hospitality strategy commits it to working with the hospitality sector “to learn the lessons of the pandemic for businesses and enable investment in future resilience measures”.<sup>71</sup> As we heard from Professor Chan Heng Chee, Chair, Lee Kuan Yew Centre for Innovative Cities, parts of Asia were better prepared for the covid-19 pandemic because the SARS and MERS epidemics were “almost

62 [Q101](#)

63 [Q112](#)

64 [Q170](#)

65 [Letter from the Minister for Regional Growth and Local Government and the Minister for Small Business, Consumers and Labour Markets to the Chair dates 14 July 2021 concerning their appearance before the Committee on 5 July](#)

66 [Qq167–168](#)

67 [Q167](#)

68 [Q168](#)

69 [Q169](#)

70 HC Deb, 12 May 2021, [cols 137–141](#) [Commons Chamber]

71 BEIS, [Hospitality strategy: reopening, recovery, resilience](#), July 2021, p16

a dress rehearsal”.<sup>72</sup> There is value, then, in taking stock and evaluating the Government’s support of the high street in the round, as well as through the course of the pandemic as the Government has done.

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

25. The Government’s commitment in its hospitality strategy to learning lessons from the pandemic for the hospitality sector is a welcome start, but it should do so for high streets and town centres in the round. Learning lessons will not only help central and local government be better prepared to support the high street through any future health crises, but may also highlight opportunities for policy development to support high streets beyond the pandemic, such as the Government has done by extending pavement licenses.

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

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

## 2 Building back better high streets

28. In July 2021 the Department set out how it intends to support high streets and town centres to “build back better” from the pandemic through its *Build Back Better High Streets* strategy. There is much that we welcome about the strategy, including the Government’s commitments to continue flexibilities introduced during the pandemic that can boost the high street beyond covid-19, such as extending pavement licenses, and to review the Landlord and Tenant Act 1954 Part II (Security of Tenure for Business, Professional and other Tenants) as recommended by our predecessor Committee.

29. A principle that emerged from our inquiry as absolutely fundamental to successful high streets and town centres is that of developing long-term plans that consider high streets and town centres in the round and not on a unit-by-unit basis.<sup>73</sup> The principle is not new: our predecessor Committee recommended both that local authorities should develop and regularly update forward looking Local Plans, and that these should be supplemented with “dynamic strategies covering specific high streets and town centres”.<sup>74</sup> This has become more urgent owing to consumer trends that have been either introduced or accelerated during the pandemic. We are concerned that aspects of the *Build Back Better High Streets Strategy*—the absence of a plan for ensuring local authorities have the capacity to develop effective place partnerships and place leadership; disparate, competitive funding streams for town centre regeneration; and extended permitted development rights—will thwart the development of holistic, comprehensive strategies for building back better high streets. In this chapter we set out the case for holistic strategies for mixed-use high streets and how the pandemic has made this case more urgent. We also include some suggestions for how local place partnerships, businesses and the Government can begin to adapt high streets to the “new normal”. In the following chapters we set out how the Government’s approach to funding and to permitted development rights can be adapted to better support this approach to building back better high streets.

### The case for mixed-use high streets

30. Our predecessor Committee concluded that due largely to changes in retail, particularly the rise of online shopping, “[h]igh streets and town centres need urgently to adapt, transform and find a new focus in order to survive”.<sup>75</sup> It recommended that “Green space, leisure, arts and culture and health and social care services must combine with housing to create a space that is the ‘intersection of human life and activity’ based primarily on social interactions rather than financial transactions”.<sup>76</sup> It added that “Individual areas will need to identify the mix that best suits their specific characteristics, local strengths, culture and heritage”.<sup>77</sup> The evidence we received for this inquiry suggests

73 British Property Federation ([SHS 013](#)) para 36; British Independent Retailers Association ([SHS 015](#)); British BIDs ([SHS 023](#)); British Land ([SHS 027](#)) para 3; London First ([SHS 031](#)) para 13; Institute of Place Management ([SHS 037](#)); Bettys and Taylors Group Ltd ([SHS 038](#)); Mayor of London ([SHS 041](#)); First Base ([SHS 045](#)); [Q9](#); [Q58](#)

74 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, paras 106–107

75 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 17

76 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 38

77 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 38



that this remains true: that high streets should combine a mix of uses that are relevant and beneficial to the local community, which includes finding inventive solutions for vacant units.<sup>78</sup>

31. We received evidence outlining the benefits of combining various high street uses including housing, offices, green space, arts, gyms, health centres, community-owned businesses, and markets. Residential use can bring “vibrancy and vitality” to high streets as well as crucial footfall.<sup>79</sup> Offices offer consumers who may shop, eat and entertain themselves on the high street during their lunch breaks or after work.<sup>80</sup> Green spaces offer wellbeing benefits that may incline people to spend more time on the high street.<sup>81</sup> Arts and culture facilities offer enriching experiences that bring people to the town centre, and promote “inflows of talent and investment” and “regeneration”.<sup>82</sup> Having more gyms, leisure centres, and NHS services and information on the high street can increase footfall.<sup>83</sup> Community-owned businesses have higher survival rates than privately-owned businesses—which could help to minimise vacant units on high streets—and keep over half of every £1 they spend in the local economy.<sup>84</sup> Markets attract consumers to their town centres with locally sourced goods and produce, and sometimes also with events and entertainment.<sup>85</sup>

32. We were also told that carefully considering the use of space, facilitating experiences, and preserving local character all contribute to developing mixed-use high streets that attract footfall from residents and tourists alike. Ensuring that there are places for people to sit and for children to play encourages people to dwell on the high street for longer, with the added benefit of possibly spending more money.<sup>86</sup> We are struck by research from before the pandemic indicating that one in five people did not go out as often as they would like because of a lack of public toilets.<sup>87</sup> We also heard that offering experiences that cannot be accessed online will be vital to drawing people to the high street. This includes hospitality, gyms, arts and culture, and beauty, but also includes retailers thinking creatively about offering an experience that requires the shopper’s physical presence.<sup>88</sup> It also includes enabling those who depend on cash to access cash through cashback schemes and well-placed ATMs.<sup>89</sup> Another pull factor is a local area’s heritage. We were told that “the historic environment offers a USP [unique selling point] that can help historic high streets to attract footfall and tourism”;<sup>90</sup> and also that “hundreds of historic buildings presently unused or underused within town centres” can be converted to prevent closure

78 Architectural Heritage Fund ([SHS 007](#)); Revo ([SHS 026](#)); London Borough of Croydon ([SHS 035](#)); Mayor of London ([SHS 041](#)); First Base ([SHS 045](#))

79 Royal Town Planning Institute ([SHS 003](#)) para 37; District Councils Network ([SHS 011](#)); Historic England ([SHS 039](#)) para 17; Institute of Place Management ([SHS 037](#)); [Q68](#) (Scott Corfe); [Qq157–158](#)

80 British BIDs ([SHS 023](#))

81 British BIDs ([SHS 023](#))

82 Revo ([SHS 026](#)) para 29; Association of Town and City Management ([SHS 040](#)); Core Cities ([SHS 044](#)) para 3.5

83 NHS Confederation - Power to Change ([SHS 014](#)) para 1; ukactive ([SHS 019](#))

84 Power to Change ([SHS 006](#))

85 National Association of British Market Authorities ([SHS 010](#)); Mr Ian Harrison (Markets Manager, Newark Town Council) ([SHS 029](#))

86 Royal Town Planning Institute ([SHS 003](#)) para 21

87 Royal Society for Public Health, [Taking the P\\*\\*\\*: The decline of the Great British Public Toilet](#), May 2019

88 Power to Change ([SHS 006](#)); District Councils Network ([SHS 011](#)); ukactive ([SHS 019](#)); Revo ([SHS 026](#)) para 4; British Retail Consortium ([SHS 028](#)); London Borough of Croydon ([SHS 035](#)); Bettys and Taylors Group Ltd ([SHS 038](#)); Mayor of London ([SHS 041](#)); Charity Retail Association ([SHS 046](#))

89 Mastercard ([SHS 051](#))

90 Historic England ([SHS 039](#))

and to regenerate town centres, such the conversion of Havens Department Store in Southend-on-Sea to an older people's hub and the conversion of Binns department store in Sunderland to an arts and music venue.<sup>91</sup>

## The role of plans

33. Crucial to developing mixed-use high streets, we heard once again, is planning in the round.<sup>92</sup> First Base, a developer of mixed-use town and city centre schemes, told us that a successful high street or town centre “mixes all interests successively and dynamically in the way its component uses are arranged within the buildings and spaces available”.<sup>93</sup> These plans must be tailored to the needs and character of the local area.<sup>94</sup> They must be based on timely and accurate data.<sup>95</sup> They must simultaneously have a long-term vision while also being flexible enough to adapt to changing trends. In our report on the future of the planning system in England, we recommended that there should be a timeframe for producing and revising neighbourhood plans to ensure they remain relevant; this is no less the case for strategies for high streets.<sup>96</sup> Some contributors also suggested to us that proposals that have been awarded funding from the Towns Fund should be revisited to ensure that they remain viable and appropriate after the covid-19 pandemic.<sup>97</sup>

## Need for collaboration

34. To produce such holistic, long-term yet flexible strategies for high street regeneration, we were told that collaboration between all those who have a stake in the high street is required, including local authorities, the business community (including BIDs), property owners, and the local community,<sup>98</sup> as well as ensuring “alignment between Local Plans and wider regional strategies, such as combined authorities, county councils and LEPs [Local Enterprise Partnerships].<sup>99</sup> We had the opportunity to ask some businesses to what extent they engaged with their local authorities on high street planning. Nigel Connor, Company Secretary, JD Wetherspoon, told us of positive experiences working with councils during the pandemic to facilitate outdoor drinking,<sup>100</sup> but that in general:

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.<sup>101</sup>

91 Architectural Heritage Fund ([SHS 007](#))

92 British Property Federation ([SHS 013](#)) para 36; British Independent Retailers Association ([SHS 015](#)); British BIDs ([SHS 023](#)); British Land ([SHS 027](#)) para 3; London First ([SHS 031](#)) para 13; Institute of Place Management ([SHS 037](#)); Bettys and Taylors Group Ltd ([SHS 038](#)); Mayor of London ([SHS 041](#)); First Base ([SHS 045](#)); [Q9](#); [Q58](#)

93 First Base ([SHS 045](#))

94 Power to Change ([SHS 006](#)); Architectural Heritage Fund ([SHS 007](#)); Local Government Association ([SHS 008](#)) para 4.4.5; Revo ([SHS 026](#)); Institute of Place Management ([SHS 037](#)); Bettys and Taylors Group Ltd ([SHS 038](#)); Historic England ([SHS 039](#)); Mayor of London ([SHS 041](#)); Association of Convenience Stores ([SHS 042](#)); Core Cities ([SHS 044](#)); [Q42](#) (Robin Osterley)

95 Mastercard ([SHS 051](#))

96 HCLG Committee, First report of session 2021–22, [The future of the planning system in England](#), HC 38, para 52

97 British Independent Retailers Association ([SHS 015](#)); British BIDs ([SHS 023](#)); Association of Town and City Management ([SHS 040](#))

98 Royal Town Planning Institute ([SHS 003](#)); British BIDs ([SHS 023](#)); Revo ([SHS 026](#)); Institute of Place Management ([SHS 037](#)); Core Cities ([SHS 044](#))

99 Institute of Place Management ([SHS 037](#)) para 2.2.5

100 [Q131](#)

101 [Q129](#)



By contrast, the same company is involved in no fewer than 218 BIDs.<sup>102</sup> Lee Frankham, Retail Director, EE and BT, described “personal and local toolkits” that enable EE’s staff to work with local communities, but said: “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”.<sup>103</sup> To incentivise closer collaboration between local government and business, Mr Frankham suggested: “Incentivisation should not just be financial but more about moments in time to get behind: activities, dates...to create local community events as opposed to just a retail sale.”<sup>104</sup> The National High Streets day, introduced through the Government’s *Build Back Better High Streets* strategy, offers a starting point for these kinds of “moments in time”, though the Government could explore how such an initiative could go beyond focusing solely on cleaning high streets, as is currently envisaged.<sup>105</sup>

### Need for resource

35. Concern was expressed that at the local authority level there was insufficient resource to create and manage place partnerships, and build the skills for place leadership to envision the types of transformative strategies we heard about. We heard that this also affected the quality of proposals being developed by councils to compete for government funds for town centre regeneration. The Institute of Place Management, which runs the High Streets Task Force, was impressed with the collaborative working in evidence during the pandemic but wrote:

[W]e are concerned this momentum will stall, due to a lack of facilitative leadership from the local authority...and a lack of resource for coordination and appreciation of the skills and knowledge needed for effective place management within local authorities.<sup>106</sup>

Bill Grimsey, who wrote the *Grimsey Review: An alternative future for the high street*,<sup>107</sup> said that the High Streets Task Force should be “more involved in how we get the right skills bases in these local authorities, BIDs or whoever it is going to be who emerges as the leaders in these places”.<sup>108</sup> However, the Institute of Place Management warned that the Task Force’s capacity to provide these skills and leadership was limited, on the basis that it “cannot provide local capacity” nor “‘instruct’ local authorities to review their working practices and cultures” or “embrace the skills, resources and enthusiasm for recovery and transformation that are, without doubt, present in the business and wider community”.<sup>109</sup> In our report on the future of the planning system in England we called both for £500 million over four years for local planning authorities and for the Government’s resource and skills strategy for the planning system, promised in the 2020 White Paper “Planning

102 [Q129](#)

103 [Q130](#)

104 [Q131](#)

105 MHCLG, [Build Back Better High Streets](#), July 2021, para 71

106 Institute of Place Management ([SHS 037](#)) para 3.2

107 [The Grimsey Review: An alternative future for the high street](#), 2013

108 [Q18](#)

109 Institute of Place Management ([SHS 037](#)) para 3.4

for the Future”, to be published in advance of primary legislation.<sup>110</sup> In the Autumn Budget and Spending Review the Government announced £65 million of funding for the planning regime towards a new digital system.<sup>111</sup>

36. Witnesses suggested several possible solutions to this lack of resource. Scott Corfe, Research Director, Social Market Foundation, pointed out that the UK’s “relatively centralised” taxation system acts as a barrier to local authorities raising additional funds for the relevant skills development as well as “regeneration on the kind of scale that we are talking about”.<sup>112</sup> Professor Cathy Parker, co-Chair of the Institute of Place Management, suggested that government funding for high streets could be used to increase local authority capacity in this area (rather than just for capital investments);<sup>113</sup> we also received several calls to increase the funding of the High Streets Task Force that we will consider in the next chapter. Conversely, Sir John Timpson CBE was sceptical about the extent to which skills development was the solution, instead suggesting that once “two or three mayors...champion the right sort of development”, others would follow suit, arguing: “you have to find the person, rather than find someone and train them to become the person”.<sup>114</sup> Professor Parker also suggested that leadership could be provided by BIDs or the local community.<sup>115</sup>

## Social value

37. To help decide what to include in a mixed-use high street, and how to measure success, contributors suggested that planners should be motivated by social value no less than economic growth alone.<sup>116</sup> The Social Value Portal defines social value as an umbrella term for the “wider economic, social and environmental effects” of an organisation’s actions, which contribute to the “long-term wellbeing and resilience of individuals, communities and society in general”.<sup>117</sup> First Base made the case:

High Streets are too important socially to be dominated by investment and retail demand. They need to offer social value as a substantially greater core component, in the places they create, the cultural choices they offer, and the inclusivity and social cohesion they generate.<sup>118</sup>

It also put forward that social value creates long-term economic value and resilience, and that it should be given similar emphasis in private sector led urban regeneration as in local authority procurement.<sup>119</sup> One way that planning authorities and businesses could measure social value is through the Social Value Portal, which assigns “a monetary value to community interventions and initiatives”.<sup>120</sup>

---

110 HCLG Committee, First report of session 2021–2022, [The future of the planning system in England](#), HC 38, paras 185–186

111 HMT, [Autumn Budget and Spending Review 2021](#), 27 October 2021, para 4.49

112 [Q55](#)

113 [Q15](#)

114 [Q142](#)

115 [Q15](#)

116 First Base ([SHS 045](#)); [Q147](#) (Professor Ricky Burdett)

117 Social Value Portal, [“What is Social Value?”](#), accessed 12 August 2021

118 First Base ([SHS 045](#)) para 3

119 First Base ([SHS 045](#)) paras 1, 2.4

120 First Base ([SHS 045](#))

38. Happily, many of the suggestions for mixed-use high streets generate social value as well as making high streets attractive places to visit and spend money. We heard of the environmental benefits of markets with their locally sourced goods,<sup>121</sup> and of conserving heritage buildings.<sup>122</sup> We heard of the sense of community that cultural facilities can instil.<sup>123</sup> We heard of the wellbeing benefits of green spaces<sup>124</sup> and of the opportunities for social interaction on the high street that may become even more important if people work from home more often than before the pandemic.<sup>125</sup> We heard of the health benefits of increased provision of green space,<sup>126</sup> community-owned businesses,<sup>127</sup> health services, and gyms and leisure centres, which could in turn reduce pressure on hospitals.<sup>128</sup> We heard that providing more opportunities for exercise on the high street would even lead to higher educational attainment, work productivity, social cohesion and reduced crime.<sup>129</sup> We heard that designing more opportunities for dwelling and child's play could encourage greater participation by older people, younger people, and women and children.<sup>130</sup>

### The impact of covid-19 on consumer trends

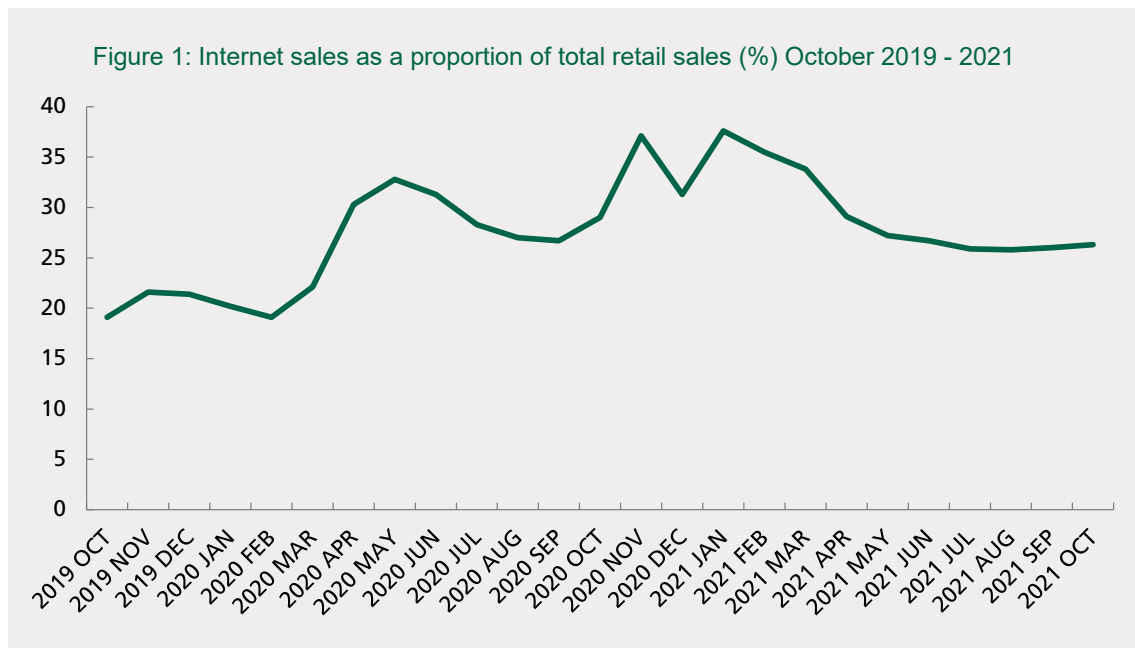
39. The need for mixed-use high streets, carefully planned around the needs and character of the local area, predates the pandemic because of systemic challenges that already existed. However, we heard again and again that these challenges have been intensified by the acceleration of certain consumer habits during the covid-19 pandemic, particularly the rise of online and out-of-town shopping.<sup>131</sup> A new trend that the pandemic has introduced—and which reverses previous trends—is the resilience of smaller town centres over larger urban centres, with more people staying local because of the pandemic.<sup>132</sup> This could result not only in surplus retail space but also vacant offices in city centres.<sup>133</sup> It is too early to say what the lasting impacts of the pandemic will be on consumer habits, but it is not too early to begin preparing for the 'new normal'. After summarising the impact of covid-19 on consumer habits we outline evidence we received on models and initiatives for local planning authorities, businesses, and the Government to consider as part of building back better high streets.

- 
- 121 National Association of British Market Authorities ([SHS 010](#)); Mr Ian Harrison (Markets Manager, Newark Town Council) ([SHS 029](#))
- 122 British BIDs ([SHS 023](#)); Historic England ([SHS 039](#)); [Q159](#) (Professor Ricky Burdett)
- 123 Core Cities ([SHS 044](#))
- 124 District Councils Network ([SHS 011](#)); British BIDs ([SHS 023](#))
- 125 [Q10](#) (Professor Aude-Bicquelet-Lock)
- 126 District Councils Network ([SHS 011](#))
- 127 NHS Confederation - Power to Change ([SHS 014](#)) para 5
- 128 NHS Confederation - Power to Change ([SHS 014](#)) para 1; ukactive ([SHS 019](#))
- 129 ukactive ([SHS 019](#))
- 130 Royal Town Planning Institute ([SHS 003](#)) para 21; First Base ([SHS 045](#)) para 2.3
- 131 Royal Town Planning Institute ([SHS 003](#)); Mr David Linnell ([SHS 005](#)); Local Government Association ([SHS 008](#)); Social Market Foundation ([SHS 012](#)); British Property Federation ([SHS 013](#)); British Independent Retailers Association ([SHS 015](#)); USDAW ([SHS 017](#)); ukactive ([SHS 019](#)); British BIDs ([SHS 023](#)); British Retail Consortium ([SHS 028](#)); London First ([SHS 031](#)); London Borough of Croydon ([SHS 035](#)); Institute of Place Management ([SHS 037](#)); Historic England ([SHS 039](#)); Association of Town and City Management ([SHS 040](#)); First Base ([SHS 045](#)); [Q2](#); [Q45](#) (Scott Corfe); [Q84](#) (Ros Morgan); [Q90](#) (Ros Morgan); [Q100](#) (Darren Pearce)
- 132 [Q2](#) (Professor Cathy Parker); [Q53](#) (Paul Swinney)
- 133 Social Market Foundation ([SHS 012](#)); The BID Foundation ([SHS 020](#)); Institute of Historic Building Conservation ([SHS 022](#)); British BIDs ([SHS 023](#)); Revo ([SHS 026](#)); British Land ([SHS 027](#)); Institute of Place Management ([SHS 037](#)); Association of Town and City Management ([SHS 040](#))

### Where consumers shop

40. It is no surprise that the pandemic saw rates of online retail soar, with many shops at points required either to close or to limit the number of customers due to social distancing. As the chart below shows, that has eased off as high streets have reopened. What is noteworthy is that since restrictions have lifted, the proportion of online purchases as a total of retail sales remains above pre-pandemic levels: 26.3% in October 2021 compared with 20.2% in January 2020.<sup>134</sup> We were told that the continuation of this trend will lead to further surplus retail space on the high street which in turn makes them less attractive to consumers and reduces footfall to the businesses that remain.<sup>135</sup> It also leads to retailers going into administration and laying off staff.<sup>136</sup> While we cannot say how quickly the proportion of online purchases will continue to grow, our stakeholders were agreed that greater online shopping is the direction of travel and that bricks-and-mortar retailers should be embracing online as part of their business model.<sup>137</sup>

Figure 1: Internet sales as a proportion of total retail sales<sup>138</sup>



41. As with before the pandemic, the competition to high streets from out-of-town retail parks was strong. Professor Cathy Parker, co-Chair, Institute of Place Management, told us that out-of-town shopping is a bigger threat than online retail, on that basis that “[y]ou can have internet sales alongside in-town sales...but with out of town people are either out of town or in town, so it is much more of a competitor to in-town retail”.<sup>139</sup> Analysis

134 ONS, [Internet sales as a percentage of total retail sales](#) (accessed 22 November 2021)

135 British Land (SHS 027) para 2; Mayor of London (SHS 041)

136 British Land (SHS 027) para 2

137 First Base (SHS 045) para 2.2; Dixons Carphone (SHS 050); Qq89-90 (Martin McTague)

138 Online retail data taken from ONS, [Internet sales as a percentage of total retail sales](#) (accessed 22 November 2021)

139 [Q10](#)

by the Office for National Statistics (ONS) indicates that in the week to 30 October 2021, footfall at retail parks was 97% of its equivalent level in 2019, compared with 88% and 84% at high streets and shopping centres respectively.<sup>140</sup>

42. The pandemic also saw an increased trend towards shopping locally. Several contributors referred to research from the High Streets Task Force that showed that footfall was more resilient in smaller town centres than larger ones: “From March 1 to June 30 2020, footfall in smaller district centres fell by 34.5%, compared to a drop of 75.9% in larger cities over the same period”.<sup>141</sup> As a result there were fewer store closures on smaller high streets: net closures of chain stores in 2020 stand at -7.7% in city centres, compared with -5.9% in town centres and -4.1% in villages, a pattern described by PricewaterhouseCoopers (PwC) as a “reversal of historical trends”.<sup>142</sup> The prevalence of shopping locally could be attributed to temporary requirements and guidance during periods of lockdowns and restrictions to stay local and work from home where that is possible—but research by PwC in March 2021 suggested that the proportion of consumers who intended to continue to shop at local stores after restrictions eased increased during the pandemic, rising from 24% in May 2020 to 28% in March 2021.<sup>143</sup>

### **What consumers are buying**

43. The pandemic has seen an increased turn towards independent brands and sustainable, ethical purchases. Revo told us that “[e]thical retailing and sustainability have increased in our decision making and that is anticipated to continue as we return to a new normal”, referring to research by GlobalWebIndex and PwC.<sup>144</sup> Independent brands are continuing to gain popularity: the House of Commons Library refers to research by the Local Data Company and PwC which suggests that “independent retail and leisure stores fared better during the pandemic in terms of store closures compared to chain businesses, continuing a trend that has been in place for some years”.<sup>145</sup>

### **Where people work**

44. The pandemic has seen a rise in the number of workers working from home, and as we have seen, this movement away from city centres has affected footfall and shopping patterns. Businesses that rely on commuters have suffered as a result.<sup>146</sup> There have been points during the pandemic when it was compulsory to work from home if one could, but it is also possible that we will see a cultural shift where people work from home more often in the long-term. Scott Corfe, Research Director, Social Market Foundation, pointed to a survey by Retail Economics that suggested a “semi-permanent shift”, with people “probably moving over to a hybrid model” of working from home some days each week.<sup>147</sup> Pret a Manger provided evidence that this hybrid approach was already emerging:

140 ONS, [Economic activity and social change in the UK, real-time indicators: 4 November 2021](#) (accessed 11 November 2021)

141 High Streets Task Force, [“Task Force research shows local high streets being ‘rediscovered’ after COVID-19 lockdown”](#), 3 September 2020

142 PwC, [Store Openings and Closures - 2021](#)

143 PwC, [Consumer Sentiment Survey - May 2020](#); PwC, [Consumer Sentiment Survey - Spring 2021](#)

144 Revo (SHS 026) para 8; Internet Retailing, [How coronavirus is bringing about a sustainable retail revolution](#), 11 June 2020; PwC, [Consumer sentiment survey - May 2020](#)

145 [Town Centre Regeneration, CBP 9218](#), House of Commons Library, 15 October 2021

146 Association of Town and City Management ([SHS 040](#)); Social Market Foundation ([SHS 012](#)); Revo ([SHS 026](#))

147 [Q45](#)

Bloomberg’s “Pret Index” indicated that in the week commencing 17 May 2021—the week that indoor dining returned in England—trade in Canary Wharf and the City of London was 30% lower on Mondays and Fridays than Tuesdays–Thursdays.<sup>148</sup> Besides Canary Wharf and the City of London, Pret a Manger wrote, “our sales are recovering much quicker in suburban areas and regions such as Yorkshire, when compared with London and city centres”.<sup>149</sup> ONS analysis published in June 2021 showed considerable appetite from workers—85% of those working from home at the time—for a hybrid approach beyond the pandemic, and nearly a quarter (24%) of businesses intending to use increased homeworking going forward.<sup>150</sup> This may reduce footfall and lead to office closures in large urban centres.<sup>151</sup>

45. The Government launched a consultation on making flexible working the default in Great Britain in September 2021. Making flexible working the default, the Government says, is “central to our ambition to build back better”.<sup>152</sup> As the Minister for Small Business, Labour and Consumer Markets told us, “flexible working is not the same as permanently working from home”, pointing out downsides to working from home—particularly for those whose homes are not suitable workspaces—and other ways of providing flexibility such as by adapting working hours. He also warned: “If you are not going to come into your workplace, do not expect that town and city to look the same as a result. If we value it, we have to use it”.<sup>153</sup> The Government’s impact assessment for its consultation does not mention the potential impact on high streets and town centres.<sup>154</sup>

## Adapting to the new normal

46. It is too early to predict what the lasting effects of covid-19 will be on consumer habits, but our evidence showed agreement that internet sales will continue to rise as a proportion of retail sales, and with the Government consulting on making flexible working the default, hybrid working is likely to become more common than before the pandemic. We heard of innovative ways in which businesses are already adapting to the ‘new normal’, as well as suggestions for how local planning partnerships, businesses, and the Government can support the regeneration of post-covid, multifunctional high streets and town centres. A model of urban planning that received more attention during the pandemic is that of the 15-minute city, which offers an interesting paradigm for local planners to explore.

### 15-minute city

47. The 15-minute city, also known as the 20-minute neighbourhood, is based on providing access to essential urban functions within a 15- or 20-minute walk or cycle from one’s home, namely: work, food, education, culture, healthcare, and green space.<sup>155</sup> Many cities, such as Paris, Barcelona, Melbourne, and Bogotá already use this model of urban

148 Pret a Manger ([SHS 047](#)) para 3

149 Pret a Manger ([SHS 047](#)) para 3

150 ONS, [Business and individual attitudes towards the future of homeworking, UK: April to May 2021](#), 14 June 2021

151 Social Market Foundation ([SHS 012](#)); The BID Foundation ([SHS 020](#)); Institute of Historic Building Conservation ([SHS 022](#)); British BIDs ([SHS 023](#)); Revo ([SHS 026](#)); Institute of Place Management ([SHS 037](#)); Association of Town and City Management ([SHS 040](#))

152 BEIS, [Making flexible working the default](#), September 2021, para 18

153 [Qq184–185](#)

154 BEIS, [Making flexible working the default: impact assessment](#), September 2021

155 [Q152](#) (Professor Carlos Moreno)



planning, but commentators have drawn recent attention to the concept as a potential means of adapting cities to people's changing habits as a result of the pandemic while also addressing the climate change crisis.<sup>156</sup> Several contributors to our inquiry suggested that the concept could provide a way of reimagining British high streets and town centres, with some witnesses informing us that parts of Scotland and London (such as Waltham Forest) are already adopting the 15-minute concept.<sup>157</sup>

48. The 15-minute city is not without criticisms. Our witnesses argued that it has the potential to exacerbate inequalities and that it may not be suitable for every area. On inequalities, Professor Chan Heng Chee, Chair, Lee Kuan Yew Centre for Innovative Cities, Singapore University of Technology and Design, told us: “if your neighbourhood is a low-income one, the 15-minute or 20-minute city just keeps you within that area, whereas moving out of that 15-minute or 20-minute city opens up horizons for young people growing up”.<sup>158</sup> Professor Ricky Burdett, Professor of Urban Studies, Director of LSE Cities and Urban Age, London School of Economics, added that some critics say it could lead to fragmentation: “it could end up with a series of relatively middle-class enclaves that do not connect the wider fabric of the city”.<sup>159</sup> He also pointed out that that not every neighbourhood has “a globally famous Natural History Museum, let alone a sports arena”, suggesting that it is unrealistic to expect everyone to be able to access culture within a 15 or 20-minute walk or cycle ride.<sup>160</sup> Sir John Timpson CBE questioned the public's appetite for compact neighbourhoods after the pandemic, saying: “I think people are desperate to get out. They would quite like to get more than 15 minutes away from home”.<sup>161</sup>

49. We were fortunate enough to take evidence from Professor Carlos Moreno, Scientific Director of the Chair “Entrepreneurship-Territory-Innovation”, Panthéon Sorbonne University, IAE Paris, who is widely credited with developing the 15-minute city concept. He addressed these criticisms, as well as concerns we had about whether the concept was suitable for rural or coastal towns in the UK. He argued that the 15-minute city is a starting point from which other suitable models have been developed “based on this idea of re-localising several services”.<sup>162</sup> He gave three examples: first, the “30-minute territory” for lower and medium density areas, which involves car-sharing and electric cars; second, a hybrid of the 15-minute city and 30-minute territory for areas of mixed density; and third, the “grid city”, which takes into account the fact that “we do not go to the museum, the arena or the big hospital every day”, and in which public transport plays a key role.<sup>163</sup> Lee Frankham, Retail Director, EE and BT, described how EE already uses a similar premise, “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”.<sup>164</sup> Ultimately, Professor Moreno explained, the essence of the model is that “[i]t

---

156 E.g. C40 Knowledge, [Why every city can benefit from a '15-minute city' vision](#), May 2021; Association of Town and City Management ([SHS 040](#)); [Q7](#) (Bill Grimsey); [Q19](#) (Professor Aude Biquelet-Lock); [Q54](#) (Scott Corfe)

157 Association of Town and City Management ([SHS 040](#)); [Q7](#) (Bill Grimsey); [Q19](#) (Professor Aude Biquelet-Lock); [Q54](#) (Scott Corfe)

158 [Q153](#)

159 [Q153](#)

160 [Q153](#)

161 [Q121](#)

162 [Q153](#)

163 [Qq153-155](#)

164 [Q123](#)

is not a question of isolating inhabitants in their bubble of the 15-minute city”, but rather that places should be planned to help people “move when we want, not because we have to”.<sup>165</sup>

### *Providing flexibility for consumers*

50. The suggestions we received for those involved in planning high streets, such as local authorities and Business Improvement Districts, focussed on providing more flexibility for consumers. Several contributors were interested in extending store opening hours, particularly on Sundays, which the British Property Federation said would have the added benefit of creating valuable jobs and work experience.<sup>166</sup> Our predecessor Committee had recommended that “[r]etailers should conduct research with shoppers to find out whether their opening hours are meeting people’s needs and adjust them in accordance with the results on a local, shop-by-shop basis”.<sup>167</sup> The Institute of Place Management suggested that place partnerships might be in a better position to carry out this monitoring so that habits can be understood at a town centre level: “understanding local catchment behaviours is more effective at a town centre level, and undertaken by the place partnerships, BID or local authority, through monitoring footfall”.<sup>168</sup> It referred to a manual footfall counting programme developed by the High Streets Task Force for partnerships in high streets and town centres that cannot afford to invest in footfall counting technology.<sup>169</sup>

51. Contributors also saw potential in the move towards hybrid working to create more shared working spaces and smaller offices.<sup>170</sup> As well as providing the “informal interactions” that many—including the Minister for Small Business, Consumers and Labour Markets—feel are both important for employees and missing from remote work, it was argued that these local co-working spaces would “create footfall along our high streets and take vacant shops as well as foster community spirit and neighbourliness”.<sup>171</sup> However, the BID Foundation warned that increased demand for local co-working hubs could reduce income for local authorities, central government, and BIDs from business taxation and BID levies, since “[o]perators of such spaces sub-divide office space into hereditaments which meet the qualification for small business rate relief and very often the BID levy threshold”.<sup>172</sup>

52. There was support for so-called ‘meanwhile’ use of vacant units while a permanent replacement is found. These could include pop-up shops, art galleries, vaccination centres, and other health uses, and would have the benefit of boosting footfall while trialling more permanent solutions for the vacant space.<sup>173</sup> Business campaign group London First suggested that local authorities could support greater use of meanwhile uses by setting up meanwhile use registers to match landlords and tenants.<sup>174</sup> However, we were

---

165 [Q155](#)

166 British Property Federation ([SHS 013](#)); London First ([SHS 031](#)); Mayor of London ([SHS 041](#))

167 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 146

168 Institute of Place Management ([SHS 037](#)) para 3.4.17

169 Institute of Place Management ([SHS 037](#)) para 3.4.17

170 British BIDs ([SHS 023](#)); Revo ([SHS 026](#)) para 6; London Borough of Croydon ([SHS 035](#)); First Base ([SHS 045](#))

171 Bettys and Taylors Group Ltd ([SHS 038](#)); [Q184](#)

172 The BID Foundation ([SHS 020](#))

173 NHS Confederation - Power to Change ([SHS 014](#)) para 2; London First ([SHS 031](#)); First Base ([SHS 045](#)); [Q60](#) (Councillor Mark Crane)

174 London First ([SHS 031](#))



warned both that meanwhile uses should only be used alongside longer-term visions for regeneration of local areas,<sup>175</sup> and that they may not address the underlying causes of high street deterioration in all places:

A pop-up shop in the centre of Barnsley or Wakefield, let us say, may not do quite so well. The issue is not that the unit is not being used, but that there is no footfall going past in order [for there] to be demand to use the unit in the first place.<sup>176</sup>

The *Build Back Better High Streets* strategy commits to exploring “what additional support or measures might be needed to encourage the alternative ‘meanwhile’ use of properties” across the UK, learning from the 2018 pilot “Open Doors” programme which matched vacant units with community groups looking for space.<sup>177</sup>

### **Business adaptations**

53. We heard of many ways in which businesses are already adapting to changing consumer trends. The John Lewis Partnership described how it is responding to its customers’ increasing prioritisation of sustainability: it has brought forward its ambition to be net zero carbon by 15 years to 2035, committed to halve food waste in Waitrose’s operations by 2030, and committed to ensuring that raw materials in John Lewis’ own-brand products are from sustainable or recycled sources by 2025, among other initiatives.<sup>178</sup> We heard of ways in which brands are embracing online: many fitness operators now offer a “hybrid membership model” that provides access to online fitness content as well as physical facilities.<sup>179</sup> Meadowhall Shopping Centre in Yorkshire “recently opened a collection facility” to which customers can order parcels online “from Amazon to ASOS and every carrier possible”, with changing rooms and facilities to return goods on behalf of the customer.<sup>180</sup> John Lewis is investing in more virtual services through its app, such as personal styling, home design, and a virtual Christmas shop.<sup>181</sup>

54. Brands are also adapting in anticipation of greater home-working and staying local. Pret a Manger is investing in “more suburban sites” as well as increasing its offer to non-commuters by partnering with Motor Fuel Group and Tesco to launch more packaged food in those stores.<sup>182</sup> Costa Coffee has invested in a “next-generation” concept that includes “a mixed-purpose work space that enables consumers to work remotely from one of our new work pods with free Wi-Fi”.<sup>183</sup> John Lewis is expanding its partnership with Deliveroo for rapid delivery of Waitrose groceries; expanding its Click and Collect network; and trialling John Lewis shopping areas within local Waitrose stores.<sup>184</sup>

---

175 [Q59](#) (Scott Corfe)

176 [Q61](#) (Paul Swinney)

177 MHCLG, [Build Back Better High Streets](#), July 2021, para 11

178 John Lewis Partnership ([SHS 048](#))

179 Ukactive ([SHS 019](#))

180 [Q116](#) (Darren Pearce)

181 John Lewis Partnership ([SHS 048](#))

182 Pret a Manger ([SHS 047](#))

183 Costa Coffee ([SHS 049](#))

184 John Lewis Partnership ([SHS 048](#))

## Government interventions

55. We heard of ways in which the Government could support place partnerships and businesses to transition to the new normal. The British Property Federation called for a Government-commissioned review of Sunday trading restrictions.<sup>185</sup> Martin McTague, National Vice Chair, Policy and Advocacy, Federation of Small Businesses, suggested to us that smaller retailers would benefit from targeted investment in training and equipment to become multichannel.<sup>186</sup> We heard that the Government can help to realise the benefits of conserving and restoring historic buildings on high streets by: incentivising community ownership of buildings, such as through funding, programmes, and Community Right to Buy;<sup>187</sup> extending High Street Heritage Action Zones,<sup>188</sup> and removing VAT on repairs of historic and listed buildings.<sup>189</sup> It can support markets to play a stronger role in mixed-use high streets by: funding a business start-up programme for markets; funding social media campaigns to highlight the benefits both of shopping and trading at markets; and more explicitly including markets in government “programmes and policies to increase local growth, productivity and innovation”.<sup>190</sup>

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

57. **In line with our predecessor Committee’s recommendations and our report on the planning system in England, Local Plans and strategies for high streets and town centres must be updated regularly in order to keep pace with changing trends. This will also help to identify how vacant units arising from the pandemic can be put to best use. A plan that is more than five years old will do little to support a high street for the future. *The Government should also publish annually a list of which areas have strategies for their high streets and town centres and when they were last updated.***

58. **We welcome the £65 million for the planning regime announced in the Spending Review towards a new digital system, though more detail is needed on what this new system will entail. Additionally, this announcement falls significantly short of our previous calls for £500 million over four years for local planning authorities. *We call on the Government to provide additional funding for local authorities to build place partnerships and place leadership. The Government could consider additionally***

185 British Property Federation ([SHS 013](#)) para 38

186 [Qq89–90](#)

187 Architectural Heritage Fund ([SHS 007](#))

188 Historic England ([SHS 039](#))

189 Institute of Historic Building Conservation ([SHS 022](#))

190 National Association of British Market Authorities ([SHS 010](#))

*allowing bids for government funds available for high streets to include budgeting for place leadership and placemaking resource alongside capital investment. We also reiterate our call for the Government's resource and skills strategy for the planning system to be published in advance of primary legislation. This strategy should include a focus on planning high streets and place partnerships.*

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

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

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

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

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

## Business Improvement Districts

### *Predecessor Committee's recommendations*

64. Our predecessor Committee stressed the importance of 'place partnerships' to facilitate the wide community collaboration that is essential for high street regeneration, noting that in practice most place partnerships take the form of BIDs.<sup>191</sup> Our predecessor Committee recommended: that the Government create a register of BIDs and undertake a census of place partnerships; that the High Streets Task Force create a local authority-wide network of BIDs; and that the Government consider how BIDs could be replaced with Community Improvement Districts and in the interim that community representatives

191 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, paras 115 and 118

should be appointed to BIDs.<sup>192</sup> We were pleased to learn of progress made on these recommendations, namely: the BID Foundation commissioned a register of BIDs; place partnerships are now being mapped by the High Streets Task Force; BIDs have formed “effective regional networks, to share resources, knowledge and expertise with each other”; and the BID Foundation is reviewing ways in which community representation on BIDs can be increased.<sup>193</sup>

### **Efficacy**

65. We received some proposals for how BIDs could be more effective. British BIDs suggested that second-term BIDs should be permitted to renew for longer than the current five years, so that longer-term strategies can be implemented.<sup>194</sup> Martin McTague, National Vice Chair, Policy and Advocacy, Federation of Small Businesses, informed us that some smaller businesses feel they are “not listened to” because the BID is “dominated by the principal business rate payers”.<sup>195</sup> Ros Morgan, Chief Executive, Heart of London Business Alliance, stressed that effective BIDs should come from “the ground up”, should not “dictate”, and should not be “forced on areas”.<sup>196</sup>

### **Community Improvement, Property Ownership and Place Improvement Districts**

66. We received mixed evidence on the utility of Community Improvement Districts. The British Property Federation saw “significant merit” in the concept so that locals could be more involved in the upkeep and development of their town centres, while the BID Foundation argued that “[t]here is as yet no clear definition of Community Improvement Districts and it is therefore premature to advocate for the replacement of the very successful BIDs system in favour of CIDs”.<sup>197</sup> Ros Morgan from the Heart of London Business Alliance told the Committee “it is less about what they are called” and that “any sensible BID will include the wider community”.<sup>198</sup> Other models were also proposed: the British Property Federation and British BIDs both pressed for Property Owner BIDs to be legislated for, “to help focus a collective approach to high street revival”<sup>199</sup> and allow owners and occupiers to “jointly invest in improvements”.<sup>200</sup> The Institute of Place Management favoured so-called “place improvement districts”, characterised by “flexible governance and funding model[s]” that are “place-specific”.<sup>201</sup> The Government’s *Build Back Better High Streets* strategy commits to “working with the sector to consider how a range of stakeholders—from property owners to community groups—can be better engaged and how BIDs could be used to further improve the local trading environment”.<sup>202</sup>

### **67. The Government’s commitment in its Build Back Better High Streets strategy to work with stakeholders on how property owners and community groups can be**

192 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, paras 122–124

193 Institute of Place Management ([SHS 037](#)) paras 3.4.12–14; 3.4.24

194 British BIDs ([SHS 023](#))

195 [Q98](#)

196 [Qq97–98](#)

197 British Property Federation ([SHS 013](#)) para 45; The BID Foundation ([SHS 020](#))

198 [Q97](#)

199 British Property Federation ([SHS 013](#)) para 44

200 British BIDs ([SHS 023](#))

201 Institute of Place Management ([SHS 037](#)) para 3.4.14

202 MHCLG, [Build Back Better High Streets](#), July 2021, para 42

**better engaged with Business Improvement Districts is welcome, albeit vague. This work should include consideration of how Business Improvement Districts can be supported to be their most effective, such as exploring whether renewal terms should be extended. The Government should commit to a review of whether additional models could be legislated for alongside Business Improvement Districts, such as Community Improvement Districts, Property Owner BIDs, and Place Improvement Districts. The Government should collect and publish examples of local initiatives that could serve as models.**

## Compulsory Purchase Orders

68. Another area that our evidence asked to be revisited is that of Compulsory Purchase Orders (CPOs). Through Section 226 of the Town and Country Planning Act 1990 a local authority has powers to acquire land in its area to develop, redevelop or improve land in a way that promotes or improves the economic, social or environmental well-being of its area.<sup>203</sup> Our predecessor Committee heard that the process was too time-consuming, expensive, and complex, and so it asked the Government to begin its review of the CPO process, promised in the Conservative party's 2017 manifesto, immediately, and focus on how the process could be speeded up.<sup>204</sup>

69. We heard the same arguments in the course of this inquiry, with the CPO process described as: “cumbersome, expensive and time-consuming, making it too slow to be of real use in town centre regeneration”; “complex, lengthy, costly, and highly political”; and “complex, takes considerable time and requires considerable resources”.<sup>205</sup> Stakeholders variously called for: a review of the CPO process; streamlining and consolidating the process; and introducing other mechanisms such as strategies to manage vacant units, investment orders to encourage landowners to invest in non-listed buildings, and compulsory selling orders to bring forward to the market several units under separate ownership.<sup>206</sup> London First also highlighted that there is low supply of CPO expertise, with some London boroughs having in-house experts, and others not. It called on the Greater London Authority to provide CPO expertise that all London boroughs could draw on.<sup>207</sup> We thought this was an interesting idea that could be applied elsewhere in the country.

70. The Government's *Build Back Better High Streets* strategy states that the Government intends to:

- ensure councils have the right Compulsory Purchase Order enabling powers to support the transformation of high streets and other regeneration projects;
- ensure as part of our planning reforms that Compulsory Purchase Orders can support more effective land assembly to facilitate the development of growth areas; and

203 See further: *Town centre regeneration*, [CBP-9218](#), House of Commons Library, 21 May 2021, section 5.2

204 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, paras 82, 98

205 Royal Town Planning Institute ([SHS 003](#)) para 29; Local Government Association ([SHS 008](#)) para 6.3; London First ([SHS 031](#)) para 20

206 Royal Town Planning Institute ([SHS 003](#)) para 29; Local Government Association ([SHS 008](#)) para 6.3; London First ([SHS 031](#)) paras 21–25

207 London First ([SHS 031](#)) paras 26–27

- strengthen the capacity and support for local authorities to ensure they are able to use these new Compulsory Purchase Order powers and rights to support the transformation of high streets.<sup>208</sup>

No further details have been provided.

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



### 3 Government support for high streets

72. Several funding streams are available to local authorities for town centre regeneration, some of which were announced during the course of our inquiry. These funding streams play a prominent role in the Government’s *Build Back Better High Streets Strategy*, and suggest that the Government has made high street regeneration an increasing policy priority since our predecessor Committee’s report. However, we received criticisms of these funds relating to their allocation and their purpose, and have concerns relating to transparency. As we have stated in other reports, relying on fragmented, short-term funding pots for which local authorities have to compete is not the best way to direct funding to the areas that need it.<sup>209</sup> Overall we are concerned that the Government’s approach to funding risks not delivering value for money while also serving to obstruct the development of long-term holistic strategies for high streets.

#### Towns Fund

73. The £3.6 billion Towns Fund is composed of the £1 billion Future High Streets Fund, first announced in the 2018 Budget, and £2.6 billion for Town Deals, first announced in March 2019 as the “Stronger Towns Fund”, and later referred to jointly with the Future High Streets Fund as the “Towns Fund”.<sup>210</sup> Local authorities in England competed for awards from the Future High Streets Fund for capital projects focused on transport, walking and cycling, and housing and office space. Awards ranging from £2.7 million to £25 million were allocated to 72 places.<sup>211</sup> For the Stronger Towns Fund, the Department selected 101 towns in England that were invited to develop Town Deals and submit bids for up to £25 million (£50 million in some circumstances). Each lead council was allocated between £140,000 and £173,029 in capacity funding to convene a Town Deal Board of local stakeholders and produce a Town Investment Plan.<sup>212</sup> The offers, completed in July 2021, are mostly in the £20–£25 million range.<sup>213</sup> In total £2.35 billion has been awarded. When the Government first announced the Stronger Towns Fund it said £600 million would be available to all parts of the country through a bidding process but no further detail has been announced.<sup>214</sup>

#### Levelling Up Fund

74. The £4.8 billion Levelling Up Fund was announced in December 2020, and the first awards were announced in October 2021.<sup>215</sup> Areas are divided into three categories of need based on the need for economic recovery and growth, the need for improved transport connectivity, and the need for regeneration.<sup>216</sup> While the fund is open to all areas of the UK, preference is given to those in the highest priority category. All areas in Scotland and Wales and English authorities in the highest need category will also receive capacity

209 HCLG Committee, Second report of session 2021–22, [Local government financial sustainability and the Section 114 regime](#), HC 33, paras 40–44; HCLG Committee, Fifth report of session 2021–22, [Local government and the path to net zero](#), HC 34, paras 19–24, 32, 71, 103

210 Prime Minister’s Office, 10 Downing Street, and the Rt Hon Boris Johnson MP, [PM Speech at Manchester Science and Industry Museum](#), 27 July 2019

211 DLUHC and MHCLG, [Collection: Future High Streets Fund](#)

212 DLUHC and MHCLG, [Towns Fund Prospectus](#), November 2019

213 DLUHC and MHCLG, [Town Deals: full list of 101 offers](#), 15 July 2021

214 DLUHC and MHCLG, [Guidance: Stronger Towns Fund](#), 4 March 2019

215 DLUHC, [Levelling Up Fund: first round successful bidders](#), 27 October 2021

216 DLUHC, MHCLG, DfT and HMT: [Levelling Up Fund: Prioritisation of places methodology note](#), 11 June 2021

funding of £125,000 to help develop bids in later rounds.<sup>217</sup> Members of Parliament are asked to back just one bid from their constituency.<sup>218</sup> For the first tranche, bids were invited for projects focused on culture, transport, and town centre regeneration. Out of 305 bids received, 105 were successful. £1.7 billion was allocated, with awards ranging from £800,000 to £49.5 million. The Government has indicated that feedback sessions will be offered to unsuccessful places to support applications in later rounds.<sup>219</sup>

## UK Community Ownership Fund

75. The Community Ownership Fund was first announced in the March 2021 Budget and is open to all areas in the UK. Worth £150 million, the Government invites bids for up to £250,000 of capital grant funding which must be matched by money raised by the community itself, to help to buy or take over local community assets at risk of being lost.<sup>220</sup> Revenue grants of up to £50,000 can also be applied for. The first round of successful bids was announced in October 2021, totalling £5 million for 21 projects across the UK out of 161 bids. The Government encourages unsuccessful applicants to apply for future rounds.<sup>221</sup>

## UK Community Renewal Fund and UK Shared Prosperity Fund

76. The £220 million UK Community Renewal Fund is to “help the UK prepare for the introduction of the UK Shared Prosperity Fund”, which will replace investment from EU structural funds in April 2022 as a result of Britain’s departure from the EU.<sup>222</sup> Ninety per cent of the funding is revenue funding, and the investment priorities are skills, local business, communities and place, and supporting people into employment. One hundred places identified as priority areas received £20,000 in capacity funding to help develop bids.<sup>223</sup> The successful bids were published in November 2021: 1,073 bids were received and 477 were successful, totalling £203 million.<sup>224</sup> The Budget and Spending Review 2021 launched the UK Shared Prosperity Fund worth £2.6 billion across the spending review period, £560 million of which is allocated to a new adult numeracy programme, ‘Multiply’.<sup>225</sup> As for the remainder, in oral evidence to us the Secretary of State for Levelling Up, Housing and Communities told us that “no decisions have yet been taken” about which areas will receive funding—despite our previous calls for the Government to bring forward its proposals for how the fund will work “as soon as possible”—that the prospectus is being drawn up, and that bids will be invited.<sup>226</sup>

217 HMT, MHCLG and DfT, [Levelling Up Fund: Prospectus](#), March 2021, paras 5.2–5.3, 10.1–10.3

218 HMT, MHCLG and DfT, [Levelling Up Fund: Prospectus](#), March 2021, para 3.2

219 DLUHC, [Levelling Up Fund: explanatory note on the assessment and decision-making process](#), 27 October 2021

220 DLUHC and MHCLG, [Community Ownership Fund: prospectus](#), updated 30 July 2021

221 DLUHC, [Community Ownership Fund: first round successful bidders](#), 27 October 2021

222 MHCLG, [UK Community Renewal Fund: prospectus 2021–22](#), May 2021, para 1

223 MHCLG, [UK Community Renewal Fund: prospectus 2021–22](#), May 2021, para 4.1

224 DLUHC, [UK Community Renewal Fund: successful bids](#), 3 November 2021

225 HMT, [Autumn Budget and Spending Review](#), 27 October 2021, para 4.13

226 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q17](#); HCLG Committee, Fourth report of session 2021–22, [Progress of devolution in England](#), HC 32, para 81



## Allocation

### *The drawbacks of competition*

77. To varying degrees, local authorities have to compete with one another to access funds for high street regeneration, and invest often significant amounts of public funds into developing bids that may be unsuccessful. We heard that competition does not necessarily direct funds to the places that need it. Councillor Mark Crane, Lead for Economic Development, District Councils Network told us:

Some councils are very good at bidding for money and being successful, and they continue to see growth and prosperity, whereas other councils are not as successful and, when they do not have a lot of money in the first place, it is difficult for them to put the bids forward.<sup>227</sup>

For those authorities that can put bids together, we heard that this results in resources being diverted from other services.<sup>228</sup> While the capacity funding on offer from some of the schemes is welcome—as is the fact that local authorities may “join up capacity funding received from related funding streams”—being in receipt of this capacity funding or on a priority list is no guarantee that, after all the time and money invested by local authorities into developing bids, grants will be awarded.<sup>229</sup> These concerns about awarding funds competitively echo those we heard during our inquiries on local government financial sustainability and local government and the path to net zero,<sup>230</sup> suggesting a systemic problem in the way central government allocates funds to local government that has a direct impact on revitalising high streets and levelling up town centres. For that reason, we welcome recent comments made to us in evidence by the Secretary of State that “[t]here needs to be some simplification and rationalisation of the process overall. That is one of the things that I have asked the Department and my colleague Neil O’Brien to lead on”.<sup>231</sup>

78. As an alternative to competitive funds, some suggested that funding for town centre regeneration should be more devolved.<sup>232</sup> We called on the Government for greater fiscal devolution in our recent reports on local authority financial sustainability and devolution in England.<sup>233</sup> We are pleased that the Secretary of State confirmed to us that the Levelling Up White Paper will consider additional powers for mayoral combined authorities and individual local authorities.<sup>234</sup>

---

227 [Q63](#)

228 Local Government Association ([SHS 008](#)) para 4.7.3; [Q63](#) (Councillor Mark Crane)

229 HMT, MHCLG and DfT, [Levelling Up Fund: Prospectus](#), March 2021, para 10.2

230 HCLG Committee, Second report of session 2021–22, [Local government financial sustainability and the Section 114 regime](#), HC 33, paras 40–44; HCLG Committee, Fifth report of session 2021–22, [Local government and the path to net zero](#), HC 34, paras 19–24, 32, 71, 103

231 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q27](#)

232 [Q63](#) (P<sup>a</sup>ul Swinney); Local Government Association ([SHS 008](#)) para 4.7.1

233 HCLG Committee, Second report of session 2021–22, [Local authority financial sustainability and the section 114 regime](#), HC 33, para 37; HCLG Committee, Fourth report of session 2021–22, [Progress of devolution in England](#), HC 36, para 71

234 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q30](#)

79. For the UK Community Ownership Fund, we recognise that applicants are not required to have all match funding sources secured at the time of project application.<sup>235</sup> Nevertheless, the fund may only benefit areas where the local community can afford to raise half the capital funding for the project.

### *The Towns Fund allocation process*

80. The process of allocating funding via the Town Deals has also been criticised. Greater Manchester Combined Authority wrote that the Green Book—the Treasury’s guidance for appraising and evaluating public investment—favours “places with existing strong economies rather than well-being, good growth and inclusivity”, disadvantaging the “older industrial towns in Greater Manchester” that were not selected for Town Deals.<sup>236</sup> The Public Accounts Committee concluded that “the selection process was not impartial”, since Ministers had discretion to choose the 101 towns from the list of 541 towns prepared by officials, and that there was a “lack of transparency” around the Department’s process and its rationales for choosing some towns above others.<sup>237</sup>

### *Spread and reach of funding*

81. A consequence of both approaches to allocating funding, and the amount of funding that is available, we were told, is that most areas will miss out funding.<sup>238</sup> While the £3.6 billion Towns Fund and £4.8 billion Levelling Up Fund sound like a significant amount of money, the latter is not exclusively for town centre regeneration, and we were told that the funds are not enough.<sup>239</sup> Since most areas will miss out on funding, we perceive a risk that this could lead to the opposite of levelling up, whereby some areas will decline further as others allocated funding gain strength.

82. We are particularly concerned about whether and how the UK Shared Prosperity Fund will match funding from EU structural funds and guarantee funding to so-called “objective 1” areas that would have received EU structural funds on the basis that they lagged behind the rest of the EU. In 2019 the then Secretary of State for Housing, Communities and Local Government, the late Rt Hon James Brokenshire MP, told the Committee that the UK Shared Prosperity Fund would be a “new simplified fund operating across the UK, replacing the existing EU funds”.<sup>240</sup> However at the Spending Review 2021 we learnt that the UK Shared Prosperity Fund will not match the level provided by EU structural funds until 2024–25.<sup>241</sup> In oral evidence to the Committee the Secretary of State for Levelling Up, Housing and Communities explained why:

There is a tail of EU project funding, which for obvious reasons is winding down. We then layer UKSPF money on top of that. If you take the two

235 DLUHC and MHCLG, [Community Ownership Fund: prospectus](#), updated 30 July 2021

236 Greater Manchester Combined Authority ([SHS 030](#))

237 Public Accounts Committee, Twenty-Fourth Report of Session 2019–2021, [Selecting Towns for the Towns Fund](#), HC 651, paras 1–2

238 Greater Manchester Combined Authority ([SHS 030](#)); [Q16](#) (Professor Cathy Parker)

239 USDAW ([SHS 017](#)); [Q137](#) (Sir John Timpson)

240 Oral evidence taken on 25 March 2019, HC (2017–19) 493 [Q172](#)

241 HMT, [Autumn Budget and Spending Review 2021](#), Table 4.8

together, what you get overall is matching, and in some cases exceeding, the amount that we would have got had we carried on being in the EU with spending at that level.<sup>242</sup>

The Secretary of State confirmed only that “neither Scotland, Wales, Northern Ireland nor Cornwall will receive any less funding for the lifetime of this Parliament than they would have received under EU funding”.<sup>243</sup> For objective 1 areas, the Secretary of State said:

We need to look not just at the UK shared prosperity fund, but at the levelling-up fund...and the other interventions that we are making and will make in order to assess whether central Government is supporting regeneration or improving productivity in different parts of the country.<sup>244</sup>

He added that “Part of taking back control is being able to make an assessment about where additional support might be needed and which areas are succeeding on their own terms”.<sup>245</sup>

## Purpose

### Criteria for applications

83. We heard that the criteria for the different funds were too limiting in scope. As Bill Grimsey described, “[i]f you say to people, “Come up with some visions for your place within some financial constraint”, guess what? They will come up with whatever the money can afford”.<sup>246</sup> These individual pots of money with specific criteria then act as a barrier to the long-term, holistic plans that high streets and town centres need, as local authorities direct their attention to navigating a “complex” funding landscape with too many contact points within Government and chasing “short-term”, “fragmented” grants.<sup>247</sup> The then Minister for Regional Growth and Local Government defended the Government’s use of separate schemes with different criteria, saying that the Government is trying to “address different policy objectives with different mechanisms” and that the funds offer “a mix of short-term and longer-term interventions”, giving the example that the Community Renewal Fund is a one-year fund while grants provided by the Levelling Up Fund must be spent by 2024 (2024–25 in some cases).<sup>248</sup> Conversely, speaking about competitive funds more broadly, the Secretary of State said that some rationalisation was needed, saying that the Government should “ensure that we do not have over-specification of what the money should be spent on”.<sup>249</sup>

84. We are particularly concerned that the criteria for the Community Ownership Fund are insufficiently clear to the community organisations applying to it. Of 161 bids submitted in the first round, 69 were disqualified because they did not meet the eligibility requirements.<sup>250</sup> This rate of disqualification is much higher than for other funds for which

242 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q10](#)

243 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q12](#)

244 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q13](#)

245 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q15](#)

246 [Q18](#)

247 Local Government Association ([SHS 008](#)) paras 4.7.1–2; Greater Manchester Combined Authority ([SHS 030](#))

248 [Q188](#)

249 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q27](#)

250 DLUHC, [Community Ownership Fund: explanatory note on the assessment and decision-making process](#), 27 October 2021

local authorities have been invited to compete. Of 305 bids submitted to the Levelling Up Fund, 10 did not pass one or more of the gateway criteria and were therefore not assessed further.<sup>251</sup> The explanatory notes for the Community Renewal Fund do not state precisely how many applications were disqualified—as there may be other reasons for not assessing bids such as duplication and withdrawal—but of 1,073 bids received, 1,046 eligible bids were assessed.<sup>252</sup>

### ***Aims of the funds***

85. The Government could be clearer about what the intended aims of each fund are. Regarding the Towns Fund, Paul Swinney, Director of Policy and Research, Centre for Cities, told us that the Government needs to be “more explicit about what they were expecting to achieve”.<sup>253</sup> While the then Minister for Regional Growth and Local Government had said that the schemes each had distinct objectives, he also gave what could be described as mixed messages, saying that local authorities could “integrate some of their bids together” and adjust a failed bid for one fund into a proposal, presumably for the same project, to submit to another fund.<sup>254</sup> Indeed, the Levelling Up Fund prospectus invites bids for Town Deals from places that did not receive funding from the Towns Fund, suggesting at least a degree of overlap between funds.<sup>255</sup> If it is the case that there is overlap between the objectives, then we consider that reworking different articulations of a place’s vision for regenerating their town centre is not the best use of a local authority’s resources—especially when they would be able to develop much more ambitious projects if they had access to a larger pool of money rather than chasing fragmented, restrictive grants.

### ***Measuring success***

86. While each fund has its distinct criteria, we are particularly concerned that the Government has not published success measures for any of the funds intended to support high streets. When asked how success will be measured for the different funds, the then Minister for Regional Growth and Local Government pointed only to a measuring and evaluation strategy for the Towns Fund and not the other schemes.<sup>256</sup> Following up in writing in July, the then Minister for Regional Growth and Local Government and Minister for Small Business, Consumers and Labour Markets indicated that the strategy would be published “shortly”, but it has yet to appear—despite the fact that the Public Accounts Committee drew attention in November 2020 to the Department’s lack of an evaluation framework or sense of what the fund’s overall impact would be.<sup>257</sup> The then Minister for Regional Growth and Local Government and the Minister for Small Business, Consumers and Labour Markets also committed in their letter to publishing annual evaluation reports and a post programme end report in 2026–27, which we welcome. The then Minister for

251 DLUHC, [Levelling Up Fund: explanatory note on the assessment and decision-making process](#), 27 October 2021

252 DLUHC, [UK Community Renewal Fund: explanatory note on the assessment and decision-making process](#), 3 November 2021

253 [Q64](#)

254 [Q191](#), [Q189](#)

255 HMT, MHCLG and DfT, [Levelling Up Fund: Prospectus](#), March 2021, para 4.9

256 [Qq192–195](#)

257 [Letter from the Minister for Regional Growth and Local Government and the Minister for Small Business, Consumers and Labour Markets to the Chair dates 14 July 2021 concerning their appearance before the Committee on 5 July](#); Public Accounts Committee, Twenty-Fourth Report of Session 2019–2021, [Selecting Towns for the Towns Fund](#), HC 651, para 4

Reginal Growth and Local Government outlined various data that individual places must submit to the Government to show that they are meeting targets that they set themselves for using funds for Town Deals or from the Future High Streets Fund.<sup>258</sup> But we still have not seen concrete targets or metrics for what the overall outcomes of the Towns Fund are expected to be, years after the policy was first announced.

87. The Government promised further detail on the approach to monitoring and evaluating the Levelling Up Fund in early summer, but that too has yet to appear.<sup>259</sup> In recent oral evidence the Secretary of State indicated that the forthcoming Levelling Up White Paper would contain “some metrics” for the Government’s levelling up agenda and be published before Christmas.<sup>260</sup> The prospectuses for the Community Ownership Fund and Community Renewal Fund hint at national work to set up evaluation networks and a programme evaluation strategy.<sup>261</sup>

### **Capital versus revenue funding**

88. We received criticism that the Towns Fund focused on capital funding at the expense of revenue funding, and that criticism can be extended to the Levelling Up Fund. The focus on capital funding, we were told, means that some places may struggle to raise revenue funding for ongoing costs and may even be put off from applying to the fund as a result.<sup>262</sup> Given the criticisms we received of the Towns Fund being geared towards capital funding, it is welcome to see some revenue funding being made available through the Community Ownership Fund and Community Renewal Fund, though we note that these are much more limited in size and scope.

## **Transparency**

### **Identity of failed bids**

89. While the Government publishes the total number of bids, and which authorities have been successful, it has not published which authorities have submitted unsuccessful bids. Taking the first tranche of the Levelling Up Fund as an example, 76 out of 123 areas identified by the Government as the highest priority did not receive funding. Because the Government does not publish which authorities submitted failed bids, we do not know if that is because they did not submit a bid, or because their bids were unsuccessful. Not sharing this information hampers our ability, and the ability of the public, to measure whether these funds achieve their intended aims. We are also unable to identify which authorities, if any, are submitting fewer bids due to a lack of capacity, despite needing the funds.

---

258 [Q192](#)

259 DfT, HMT and MHCLG, [Levelling Up Fund: Frequently Asked Questions](#) (accessed 20 August 2021)

260 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q2](#)

261 DLUHC and MHCLG, [Community Ownership Fund: prospectus](#); DLUHC and MHCLG, [UK Community Renewal Fund: prospectus 2021–22](#)

262 Greater Manchester Combined Authority ([SH5 030](#)); [Q62](#) (Scott Corfe)

### **Cost of failed bids**

90. As well as not knowing whether the funds themselves are delivering on their stated aims, this lack of transparency hinders our ability to determine whether the competitive process itself delivers value for money. Taking the UK Community Renewal Fund and the first round of the Levelling Up Fund alone, 1,339 eligible bids were assessed, 757 of which—over half—were unsuccessful.<sup>263</sup> Estimating that developing bids costs local authorities somewhere in the region of £20,000 to £125,000 (based on the Government’s own grants for capacity funding from the UK Community Renewal Fund and Levelling Up Fund), it is possible that millions of pounds of public money are being spent drawing up applications for high street grants that are never awarded. With the Government encouraging unsuccessful authorities to re-apply for future rounds, the total potential spend by local authorities is potentially very significant. By not publishing which authorities are unsuccessful nor how much they spent on each bid, we can neither identify authorities that repeatedly fail, nor measure how much they are spending on that failure. The Secretary of State recently pointed out to us that authorities may learn from the experience of those areas with successful bids and subsequently submit creative proposals that do receive funding.<sup>264</sup> But without data on who has failed, we cannot measure whether that will be the case with these funds. Finally, this lack of transparency also prevents the Committee and the public from understanding what proportion of bids is unsuccessful from those authorities that have been given taxpayer money in the form of capacity funding to help develop their proposals.

### **Decision-making process**

91. While some information is provided on the Ministerial decision-making process, greater transparency would provide assurance that funding decisions are based on need and the strength of applications and not just Ministerial discretion—issues that were identified by the Public Accounts Committee with the selection process for the Towns Fund.<sup>265</sup> Taking the UK Community Renewal Fund as an example, no information is provided on how the Secretary of State selected the 477 successful bids from the shortlist of 666 provided by officials.<sup>266</sup> Did he prioritise the highest-scorers? Or those from the highest priority areas? How did he split awards between the themes of skills, local business, communities and place, and employment support? As another example, for the Levelling Up Fund the Government states that “there were proportionately fewer transport and culture projects and proportionately more regeneration projects on the shortlist”.<sup>267</sup> It does not indicate whether that is because there were more regeneration projects submitted overall, or because the regeneration projects were of a higher quality. Ministers decided to “fund all transport and culture bids scoring at least 75/100. However, in order to narrow down an affordable list of successful bids from the shortlist, they declined to fund the

---

263 DLUHC, [UK Community Renewal Fund: explanatory note on the assessment and decision-making process](#), 3 November 2021; DLUHC, [Levelling Up Fund: explanatory note on the assessment and decision-making process](#), 27 October 2021

264 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q27](#)

265 Public Accounts Committee, Twenty-fourth report of session 2019–21, [Selecting towns for the Towns Fund](#), HC 651, paras 1–2

266 DLUHC, [UK Community Renewal Fund: explanatory note on the assessment and decision-making process](#), 3 November 2021

267 DLUHC, [Levelling Up Fund: explanatory note on the assessment and decision-making process](#), 27 October 2021



lowest-scoring regeneration and town centre bids from English regions”.<sup>268</sup> Were there bids for town centre regeneration that scored higher than 75/100 but missed out on funding? These are factors that the Government’s explanatory notes do not explain.

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

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

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

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

96. ***For each competitive fund available for high streets, the Government should publish the full list of local authorities whose bids were unsuccessful in each round. For future rounds of bidding for these funds, the Government should consider requiring local authorities to state how much it cost them to put the bid together—whether using their own resources or capacity funding provided by the Government—and publish these amounts, to provide greater transparency about value for money. The Government***

268 DLUHC, [Levelling Up Fund: explanatory note on the assessment and decision-making process](#), 27 October 2021



*should undertake a cost-benefit analysis of the bidding process to identify which local authorities do not have the resources to draft bids. This analysis should show the geographical applications and success of bids.*

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

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

## High Streets Task Force

99. At the time of publishing our predecessor Committee’s report on high streets and town centres in 2030, the High Streets Task Force had been announced but the plans for it had not been developed. Our predecessor Committee took evidence on how the Task Force could best support local areas and made 11 recommendations about what it should do.<sup>269</sup> We were pleased to receive evidence from the Institute of Place Management, which runs the High Streets Task Force, on how these recommendations have been incorporated into the running of the Task Force. In alignment with our predecessor Committee’s recommendations, the Task Force is staffed by experts who can be seconded to local authorities; it disseminates data, case studies, good practice, and guidance; and has helped areas apply for the Future High Streets Fund and develop business cases by running seminars.<sup>270</sup>

100. Due to the covid-19 pandemic, the High Streets Task Force necessarily had to pivot towards helping high streets through covid-19 and providing advice online rather than in-person, and we described in chapter 1 the excellent support the Task Force has provided throughout the pandemic. The work of the Task Force was very well received in evidence,<sup>271</sup> with the then Minister for Regional Growth and Local Government citing evidence that “[w]ell over 80% of people say that they have been very useful or useful in thinking about the future of their high streets”.<sup>272</sup> One criticism came from the Greater Manchester Combined Authority, which described the Task Force as “essentially an academic forum and online repository of best practice, guidance and case studies rather than direct support to places on the ground”.<sup>273</sup> Professor Cathy Parker, co-Chair, Institute of Place Management, explained that what the Task Force can offer is limited by the size of the contract—£8 million over five years—but that it would start deploying in-person

269 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, paras 161–167

270 Institute of Place Management ([SHS 037](#)) paras 3.4.22, 3.4.26

271 British Property Federation ([SHS 013](#)); Revo ([SHS 026](#)) para 22; Mayor of London ([SHS 041](#)); [Q18](#) (Bill Grimsey)

272 [Q199](#)

273 Greater Manchester Combined Authority ([SHS 030](#))

expertise.<sup>274</sup> The then Minister later confirmed that the High Streets Task Force “plans to complete their first 70 in-person visits this calendar year and next year, and then a further 85 in 2023 and 2024 combined”.<sup>275</sup>

101. In its written evidence the Institute of Place Management also cited budgetary constraints as barriers to implementing some of our predecessor Committee’s recommendations, including providing support in writing and over the phone, and maintaining a database of private sector investment.<sup>276</sup> We are concerned that budgetary constraints could prevent the High Streets Task Force from implementing other ideas that our predecessor Committee had to enable it to be most effective, such as: supporting independent retailers in areas such as social media, providing financial advice to local authorities considering purchasing commercial property, and helping local authorities collect data on parking.<sup>277</sup> Indeed, it is not only the Institute of Place Management that indicated that resource was a constraint, but others also recommended that the Government review or increase the size and budget of the High Streets Task Force.<sup>278</sup>

102. We are particularly concerned about the outlook for our predecessor Committee’s recommendation that the High Streets Task Force “[p]rovide access to training and support for place partnerships and to individuals who wish to establish such a partnership”.<sup>279</sup> As we have already had cause to comment on, the Institute of Place Management indicated that the amount of support that is needed to meet the training needs in local authorities is beyond the budget of the High Streets Task Force.<sup>280</sup> When we asked the then Minister for Regional Growth and Local Government and Minister for Small Business, Consumers and Labour Markets how the Government proposes to support local authorities to build the capacity and skills to develop truly transformative visions for their high streets, they referred firstly to the capacity funding described above—which is limited to developing bids for funds—and secondly to the support offered by the High Streets Task Force.<sup>281</sup>

**103. It is clear that the High Streets Task Force is highly prized and should be commended for its excellent work in its first two years of existence, in particularly difficult circumstances. While the focus of the High Streets Task Force necessarily had to change with the covid-19 outbreak, we are concerned that budgetary constraints limit the Task Force in achieving its full potential and delivering the recommendations our predecessor Committee had for it. We are particularly concerned that the High Streets Task Force is being held up as the solution to a gap in skills and capacity for place leadership at a national level, when it is warning that it lacks the resource to do so. The Government should review the size and remit of the High Streets Task Force as soon as possible, with a view to increasing its budget.**

---

274 [Q14](#)

275 [Q199](#)

276 Institute of Place Management ([SHS 037](#)) para 3.4.23

277 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 167

278 British Independent Retailers Association ([SHS 015](#)); The BID Foundation ([SHS 020](#))

279 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 167

280 Institute of Place Management ([SHS 037](#)) para 2.3.2, 3.4.25

281 [Q198](#)

## 4 Changes to use classes and permitted development rights

104. Recent changes to use classes and permitted development rights are a central component of the Government’s *Build Back Better High Streets* Strategy, with the Government arguing that the new, extended permitted development rights provide flexibility for small businesses and local entrepreneurs. The strategy states: “We strongly encourage more housing around high streets and there are likely to be many opportunities as we emerge from the pandemic, for example for good quality conversions of offices to homes”.<sup>282</sup> As we set out in chapter 2, we absolutely agree that housing can play a valuable role in mixed-use high streets of the future. However, we repeatedly heard throughout this inquiry—as with our predecessor Committee’s inquiry—that the amount and the location of housing needs to be controlled in order to generate an appropriate balance of uses.

105. Use classes and permitted development rights govern whether changing the use of a building requires planning permission. Until September 2020, there were four use classes:

- Class A (shops and other retail premises)
- Class B (offices, workshops, factories, and warehouses)
- Class C (residential uses)
- Class D (non-residential institutions, assembly and leisure uses)

Changing the use of a premises between use classes requires planning permission. In September 2020, the Government introduced two new use classes: Class E (commercial, business, and service), Class F1 (learning and non-residential institutions) and Class F2 (local community). These new classes mean that for certain non-residential uses, changing the use of a building will not require planning permission because they are now categorised under the same use class.

106. Permitted development rights (PDRs) are rights to make certain changes to a building without the need to apply for planning permission. Having heard many concerns about potential extensions to PDRs, our predecessor Committee recommended that the Government suspend any extensions pending an evaluation of their impact on the high street.<sup>283</sup> Instead, in April 2021 the Government brought in a new PDR (Class MA) to allow change of use from Class E (commercial, business, and service) to C3 residential.<sup>284</sup> The building must be no larger than 1,500 square metres and have been vacant for at least three months.

### Impact of extended PDRs on high streets and town centres

107. We continued to hear many concerns about extended PDRs and so conducted a separate inquiry earlier this year.<sup>285</sup> As part of that inquiry we heard many arguments

282 MHCLG, [Build Back Better High Streets](#), July 2021, p4

283 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 98

284 For further information on new use classes and permitted development rights, see *Planning in England: permitted development and change of use*, [CBP-485](#), House of Commons Library, 4 June 2021

285 HCLG Committee, Third Report of Session 2021–22, [Permitted Development Rights](#), HC 32

about the potential impact of the Government's changes on high streets and town centres. The arguments we heard for that inquiry are very similar to those we received in evidence for this one, which we will summarise briefly.

### **Sequential test**

108. As with the evidence we received for our inquiry on PDRs, the new use classes were broadly welcomed, as contributors said they create flexibility to repurpose high streets.<sup>286</sup> However, some were concerned about the implications both for out-of-town retail and for the ability of local authorities and communities to plan their high streets and town centres. The National Planning Policy Framework states:

Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.<sup>287</sup>

The concern regarding out-of-town is that this sequential test could be bypassed, thus driving retail out-of-town and footfall further away from high streets and town centres.<sup>288</sup> The then Minister for Regional Growth and Local Government and Minister for Small Business, Consumers and Labour Markets confirmed in writing that change of use from offices to retail no longer require a sequential test because they now belong to the same use class.<sup>289</sup> In his recent appearance before the Committee, the Secretary of State agreed to “have a look” at the sequential test.<sup>290</sup>

### **Undermining plan-led development for cohesive high streets**

109. In our report on PDRs, we concluded: “the recent extensions to permitted development appear to contradict the increased focus on plan-led development and local democratic involvement, and to fatally undermine the role of local authorities in place-making”.<sup>291</sup> The same is true of plan-led high streets, and as with our inquiry on PDRs we heard that the changes to use classes and PDRs could undermine the development of holistic strategies for high streets in the round. Some were concerned that the ability of local authorities and communities to cohesively plan their high streets and town centres would be undermined by obviating the need for planning permission for change of use between different types of business within Class E.<sup>292</sup> Others were concerned that this was also undermined by

---

286 British Property Federation ([SHS 013](#)) para 34; ukactive ([SHS 019](#)); The BID Foundation ([SHS 020](#)); London First ([SHS 031](#)) para 20; Association of Convenience Stores ([SHS 042](#)) para 13; HCLG Committee, Third Report of Session 2021–22, [Permitted Development Rights](#), HC 32, para 46

287 DLUHC and MHLCG, [National Planning Policy Framework](#), para 87

288 Royal Town Planning Institute ([SHS 003](#)) para 35; Institute of Place Management ([SHS 037](#)) para 2.3.11; Mayor of London ([SHS 041](#)); [Q22](#) (Professor Aude Biquelet-Lock)

289 [Letter from the Minister for Regional Growth and Local Government and the Minister for Small Business, Consumers and Labour Markets to the Chair dates 14 July 2021 concerning their appearance before the Committee on 5 July](#)

290 Oral evidence taken on 8 November 2021, HC (2021–22) 818, [Q90](#)

291 HCLG Committee, Third Report of Session 2021–22, [Permitted Development Rights](#), HC 32, para 24

292 District Councils Network ([SHS 011](#)); Mayor of London ([SHS 041](#))

permitting development rights for change of use from Class E to residential.<sup>293</sup> We heard that a consequence of extended PDRs could be “gap-toothed” high streets, with long stretches between different businesses, which in turn makes the high street less viable because people are unwilling to walk longer distances between venues.<sup>294</sup>

### **Impact on house prices**

110. Another consequence that we heard of, as with our inquiry on PDRs, was the impact on house prices and therefore long-term impact on high street footfall. We heard that in areas where residential value is high, viable businesses could be evicted in order to satisfy the three-month vacancy test to make room for more profitable housing.<sup>295</sup> This “short-term thinking”, with high streets becoming less multifunctional, would in turn make high streets less attractive places to live in the long-term.<sup>296</sup> These consequences would then have the opposite effect of what extended PDRs are intended to achieve, reducing rather than increasing footfall to high streets and town centres.

### **How to make the most of PDRs**

111. Our stakeholders broadly welcomed some degree of flexibility to repurpose units in order to increase high street footfall. But what they pointed out is that the Government’s recent changes run the risk of backfiring without more controls, further research, and close monitoring.

### **Implementing controls**

112. What many agreed was that to maximise the benefits of increasing housing on the high street and mitigate the potential negative impacts, careful planning and controls are needed—it should not be a “free-for-all”.<sup>297</sup> Nigel Connor, Company Secretary at JD Wetherspoon, gave the example of a pub in Reading where trade went up after some office developments that were closed were subsequently converted to residential. He called this “a good example of how it [PDR] can be a positive change with the necessary protections for the existing hospitality use”.<sup>298</sup> Some suggested that there should be PDR exemption zones in town and city centres, and that every local authority should be able to “put forward at least one town and city centre that they want to be excluded from PDR”.<sup>299</sup>

### **Assessing impact**

113. Some were disappointed that the Government had not followed our predecessor Committee’s recommendation of suspending the extension of PDRs and carrying out an evaluation of their impact on the high street.<sup>300</sup> When we asked why the Government

---

293 Local Government Association ([SHS 008](#)) paras 2.5, 6.5; Mayor of London ([SHS 041](#)); Royal Town Planning Institute ([SHS 003](#)) para 37; Booksellers Association ([SHS 016](#)); Greater Manchester Combined Authority ([SHS 030](#)); Core Cities ([SHS 044](#)) Annex para 2.4; [Q43](#) (Dominic Curran)

294 Mr David Linnell ([SHS 005](#)); [Q42](#) (Dominic Curran); [Q134](#) (Lee Frankham)

295 Mayor of London ([SHS 041](#)); Core Cities ([SHS 044](#)) Annex para 2.5; [Q22](#) (Professor Cathy Parker)

296 Mayor of London ([SHS 041](#))

297 Historic England ([SHS 039](#)) para 18; Royal Town Planning Institute ([SHS 003](#)) para 37; [Q22](#) (Professor Cathy Parker); [Q68](#) (Cllr Mark Crane); [Q69](#) (Paul Swinney); [Q133](#) (Sir John Timpson); [Q136](#) (Nigel Connor)

298 [Q136](#)

299 Core Cities ([SHS 044](#)) Annex para 2.7; [Qq69–70](#) (Paul Swinney)

300 Royal Town Planning Institute ([SHS 003](#)); Mayor of London ([SHS 041](#))



had not conducted an impact assessment of the impact of PDRs on high streets, the then Minister for Regional Growth and Local Government said that the Government had based its decision on three sources of evidence: the expertise of the Urban Centre Recovery Taskforce, evidence on the damaging impact of vacant units on high streets, and positive examples of redevelopment around the country, giving the example of Wembley in London.<sup>301</sup> While we note the Government may be relying on the work of the Urban Centre Recovery Taskforce, we have to note that the taskforce was not established until after the changes had been made, and therefore an impact assessment should be carried out.<sup>302</sup> The then Minister offered no definitive evidence that the solution to vacant units is to give developers the option of converting them to housing. Research commissioned by the Government on the quality of homes delivered by PDR was based on case studies where retail vacancy rates were described as “surprisingly low” by the researchers, “which may limit the number of conversions of this type”.<sup>303</sup>

### **Monitoring Article 4**

114. The then Minister referred to “safeguards”, particularly Article 4 directions, which allow local planning authorities to withdraw particular PDRs over a specified area, in consultation with the local community. Where they relate to change from non-residential to residential use, they must be “limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts”.<sup>304</sup> In July 2021 the Government added that “this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre”.<sup>305</sup> While we welcomed this amendment, we recommended in our report on PDRs that the Government should monitor whether this change gives councils the powers they need to protect high streets and town centres, and amend the wording again if not.<sup>306</sup>

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

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

---

301 [Qq201–202](#)

302 MHCLG, [Membership of the Urban Centre Recovery Task Force](#), 16 December 2020

303 Dr Ben Clifford, Dr Patricia Canelas, Dr Jessica Ferm and Dr Nicola Livingstone, Bartlett School of Planning, UCL, and Professor Alex Lord and Dr Richard Dunning, Department of Geography and Planning, University of Liverpool, [Research into the quality standard of homes delivered through change of use permitted development rights](#), July 2020, p27

304 MHCLG, [National Planning Policy Framework](#), para 53

305 HC Deb, 1 July 2021, [col 24WS](#) [Commons written ministerial statement]

306 HCLG Committee, Third Report of Session 2021–22, [Permitted Development Rights](#), HC 32, paras 43–44

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



## 5 Business rates and taxation

118. One of the issues that was raised most consistently in evidence is that of business rates, a property tax paid by businesses. Business rates are calculated by multiplying the ‘rateable value’ of the property by the ‘multiplier’. A property’s rateable value “reflects the annual rent that it could have been let for on the open market”, and the multiplier is set by the UK Government (currently at 51.2p per pound, and 49.9p for small businesses).<sup>307</sup> Business rates are a key source of income for local authorities, but are a significant barrier to the survival and prosperity of high street businesses, particularly in the face of competition from online retailers whose warehouses tend to be in areas with lower rateable values and therefore lower business rates. Lack of parity with online retailers is not the only flaw in the system, which also affects non-retail businesses: we heard of outdated rateable values, an exorbitant multiplier, and disincentives for investment.

119. Contributors to this inquiry consistently called for reform of the business rates regime, and so have we, most recently in our report *Local government financial sustainability and the Section 114 regime*, in which we urged the Government to “reform business rates, in particular by finding a mechanism by which to level the playing field between bricks-and-mortar and online retailers”.<sup>308</sup> The Government published the outcome of its fundamental review of business rates in October 2021.<sup>309</sup> The reforms announced by the Government can be summarised as follows:

- the multiplier will be frozen in 2022–23;
- there will be a year-long 50% discount for hospitality, retail and leisure businesses up to a £110,000 per business cap in 2022–23;
- there will be further reliefs and exemptions for improvements, renewable energy and heat networks, and small and medium-sized businesses; and
- business rates will be revalued every 3 years rather than every 5 years, as is currently the case.

The Government also announced that it will begin consulting on an online sales tax, which our predecessor Committee called for in 2019.<sup>310</sup>

### Response to the Government’s reforms to business rates

120. There are aspects of the Government’s announcements that we welcome. We received evidence that rateable values in their current form are outdated and do not reflect the current reality of the property market, with calls for more frequent revaluations—echoing a predecessor Committee inquiry on business rates—and so we welcome the more frequent revaluation cycle announced by the Government.<sup>311</sup> Our predecessor

307 *Business rates*, Commons Briefing Paper [SN06247](#), House of Commons Library, November 2021

308 HCLG Committee, Second report of session 2021–22, [Local government financial sustainability and the Section 114 regime](#), HC 33, para 37

309 HMT, [Business Rates Review: Final Report](#), October 2021

310 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, paras 76–77

311 Dixons Carphone ([SHS 050](#)); British Property Federation ([SHS 013](#)) para 24; Communities and Local Government Committee, First Report of session 2016–17, [100 per cent retention of business rates: issues for consideration](#), HC 241, para 67

Committee had recommended that the Government introduce “a 12-month holiday for high street retailers from rates increases which result from investments to improvements in property”.<sup>312</sup> We received further calls during this inquiry for such a relief, to prevent the disincentivising effect of business rates on investing in improvements, and so we are pleased to see the Government take this recommendation on board.<sup>313</sup>

### *The need for long-term reform*

121. It was repeatedly stressed to us that long-term reform of the business rates regime was needed for high street businesses to be sustainable. We are concerned that the Government’s announcements only amount to short-term relief. As we have seen, the business rates holiday for retail, hospitality and leisure businesses in place during the pandemic made a significant difference to high street businesses, so we expect that our contributors would welcome the 50% year long discount brought in by the review, as, for example, UKHospitality has done—though we note comments from the British Retail Consortium that the £110,000 cap makes the move “almost insignificant” for larger businesses.<sup>314</sup> We were warned that a return to the normal business rates regime was not a sustainable position for high street businesses, and the Government has not set out how it will solve this problem beyond the one-year discount.<sup>315</sup> Similarly, the one-year freeze of the multiplier will be welcome to those who complain it is too high, but given that we received calls for a permanent reduction, the move is unlikely to go far enough.<sup>316</sup> For example, Helen Dickinson, CEO of the British Retail Consortium, has said: “The freeze in the multiplier is positive, though the evidence is clear that the current rate—over 50% in England—is already far too high”.<sup>317</sup>

### *Too many reliefs*

122. Business rates are a key source of income for local authorities, and so we are glad that the Government has stated its intention that “English Local Authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs”.<sup>318</sup> However, we are concerned that the system of reliefs is growing ever more complicated. Before the pandemic, there were already reliefs such as small business relief, charitable relief, and rural rate relief.<sup>319</sup> Even at that time both our predecessor Committee and the Treasury Committee warned that the system of reliefs was too complex and bureaucratic; now more reliefs are being added.<sup>320</sup> Some may argue that the relief system does not go far enough: we heard calls for a review of relief rates thresholds,<sup>321</sup> and for permanent discounts or holidays for certain

312 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 78

313 National Hair and Beauty Federation ([SHS 009](#)); Association of Convenience Stores ([SHS 042](#)) para 16

314 “[UKHospitality reaction to Budget announcements](#)”, UKHospitality, 27 October 2021; “[Business rates review report published](#)”, British Retail Consortium, 28 October 2021

315 National Hair and Beauty Federation ([SHS 009](#)); [Q118](#) (Sir John Timpson)

316 British Independent Retailers Association ([SHS 015](#)); British Retail Consortium ([SHS 028](#)) para 14; Dixons Carphone ([SHS 050](#))

317 “[Business rates review report published](#)”, British Retail Consortium, 28 October 2021

318 HMT, [Autumn Budget and Spending Review 2021](#), para 5.45

319 *Business rates*, Commons Briefing Paper [CBP-6247](#), House of Commons Library, November 2021

320 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 101, para 73; Treasury Committee, First report of session 2019–20, [Impact of business rates on business](#), HC 222, para 51

321 City of London Corporation ([SHS 025](#)) para 13; Mayor of London ([SHS 041](#))

sectors or businesses with rateable values below a certain threshold.<sup>322</sup> However, as the British Property Federation said in response to the Government’s review: “[t]he fact that there have to be so many business rates reliefs indicates a broken system”.<sup>323</sup> We could extend to the entire reliefs system the sentiments from the British Retail Consortium’s about the the £110,000 cap on the new temporary 50% discount being almost insignificant for larger businesses, since larger businesses shoulder most of the business rates burden.<sup>324</sup>

### **Transitional relief**

123. The Government announced in its review of business rates that it would consult on the design of transitional relief and publish its outcomes in autumn 2022.<sup>325</sup> Transitional relief exists in England so that when a property’s rateable value has been revalued, the increase or decrease in business rates owed is phased in over several years. We note recent media commentary that “Retailers complain that it [transitional relief] has left thousands of shops, particularly in the north of England where rents have fallen steeply, paying more in rates than they do in rent”, and that “Transitional relief could result in Amazon and other tenants of large distribution centres—whose rents have risen because of rising demand for online shopping—being protected from commensurate rises in rates while high street stores see less benefit from falling rents in their own rates bills.”<sup>326</sup> We also note a previous Treasury Committee recommendation that “the decrease in open market rental valuations in the 2017 rating list needs to be reflected more quickly in rates bills for those businesses who are paying significantly higher rates than the open market rental value of their properties would normally determine”.<sup>327</sup>

### **Online sales tax**

124. We heard once again that business rates disproportionately affect retail businesses: retail represents 5% of the UK economy but 25% of business rates, with business rates accounting for half the total tax bill of some larger retailers.<sup>328</sup> This disparity is exacerbated by the fact that online retail commands a lower business rates bill: brands that are only online do not have high street stores on which to levy business rates, and warehouses for storing online goods tend to have lower rateable values and therefore pay less in business rates than an equivalent high street property.<sup>329</sup> The gulf between business rates paid by bricks-and-mortar and online retail is illuminated by two stark examples from the Booksellers Association (BA).<sup>330</sup> The first is that “the average BA member was paying eleven times more in tax per £100 of turnover than Amazon in the FY 2015/16”. The second is that “we have seen one branch of Waterstones paying 16 times more in rates than a large Amazon warehouse located just a few miles down the road”.

125. Our evidence for this inquiry and our inquiry on local government financial sustainability stressed that a mechanism was needed in particular to level the playing field

322 National Association of British Market Authorities ([SHS 010](#)); British Independent Retailers Association ([SHS 015](#)); City of London Corporation ([SHS 025](#)) para 13

323 “[Budget 2021 – The not-so-fundamental review of business rates](#)”, British Property Federation, 28 October 2021

324 “[Business rates review report published](#)”, British Retail Consortium, 28 October 2021

325 HMT, [Business Rates Review: Final Report](#), October 2021, para 3.22

326 “[English retailers hoping for business rates cut in 2023 risk disappointment](#)”, *Financial Times*, 1 November 2021

327 Treasury Committee, Third report of session 2019–20, [Impact of business rates on business](#), HC 222, para 69

328 British Retail Consortium ([SHS 028](#)) para 13

329 *Business rates*, Commons Briefing Paper [CBP-6247](#), House of Commons Library, November 2021

330 Booksellers Association ([SHS 016](#))

between bricks-and-mortar and online retail.<sup>331</sup> Following the announcement that the Government will consult on an online sales tax, we particularly welcome, then, that the stated purpose of such a tax would be to raise revenue “to reduce business rates for retailers with properties in England and with the block grants of the Devolved Administrations increased in the usual way”.<sup>332</sup>

126. There are several considerations that, based on our evidence, the Government should include within the scope of its consultation. The first consideration is ensuring that an online sales tax does not penalise multichannel retailers.<sup>333</sup> The second is considering how offsetting business rates for retailers will work in practice. Dominic Curran, Policy Adviser, Property, British Retail Consortium, warned us that this ringfencing could easily be undone by the Government.<sup>334</sup> The third is ensuring that an online sales tax does not displace more fundamental, long-term reform of business rates: none of our contributors were in favour of an online sales tax without wider reform of business rates, and the reforms announced so far do not go far enough.<sup>335</sup>

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

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

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

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

---

331 National Hair and Beauty Federation ([SHS 009](#)); Booksellers Association ([SHS 016](#)); USDAW ([SHS 017](#)); Revo ([SHS 026](#)); Mayor of London ([SHS 041](#)); Dixons Carphone ([SHS 050](#))

332 HMT, [Autumn Budget and Spending Review 2021](#), 27 October 2021, para 2.71

333 Dixons Carphone ([SHS 050](#)); [Q32](#) (Dominic Curran); [Q119](#) (Lee Frankham)

334 [Q35](#)

335 [Q33](#) (Michael Wheeler and Robin Osterley)

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

## General business taxation

131. Alongside feedback on business rates, we received more general suggestions for how the business taxation regime could be improved to best support high streets and town centres. This was encapsulated by the Booksellers Association: “business rates reform on its own will not go far enough and the Government will need to look at all types of business taxation, including VAT and corporation tax, to redress the balance”.<sup>336</sup> Our evidence stressed that tackling tax avoidance would play a key role in levelling the playing field between online and bricks-and-mortar retail,<sup>337</sup> and that the Government should continue “work to address profit shifting by multinational enterprises over international borders”.<sup>338</sup> The Government’s decision to end the tax-free shopping scheme for tourists was questioned on the basis that this makes the UK uncompetitive compared to other countries, therefore risking job losses on the high street: Revo called on the Government to reverse the decision and London First suggested that tax-free shopping be extended to EU visitors, “who make up 70% of tourists in London and are likely to be amongst the first to return”.<sup>339</sup> Representatives of several sectors called for targeted reductions in VAT and other duties.<sup>340</sup> Finally, the National Hair and Beauty Federation called for the VAT threshold to be increased “so that all small businesses enjoy relief from VAT”.<sup>341</sup>

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

---

336 Booksellers Association ([SHS 016](#))

337 USDAW ([SHS 017](#))

338 British Retail Consortium ([SHS 028](#)) para 14

339 Revo ([SHS 026](#)) para 19; London First ([SHS 031](#)) para 7

340 National Hair and Beauty Federation ([SHS 009](#)); British Beer and Pub Association ([SHS 018](#)); ukactive ([SHS 019](#)); Institute of Historic Building Conservation ([SHS 022](#)); Bacta ([SHS 036](#)); Gauselmann ([SHS 043](#)); [Q119](#) (Nigel Connor)

341 National Hair and Beauty Federation ([SHS 009](#))



## 6 Landlords and tenants

133. As our predecessor Committee highlighted, landlords are often the least visible but among the most significant stakeholders on the high street. Thriving high streets depend on good relations between commercial landlords and tenants, as well as a strong legal framework for these relationships. We fear that the pandemic may have increased the strain on some of these relationships owing to disputes over rent payments. Beyond covid-19-related rent arrears, wider issues affecting commercial landlords and tenants must be addressed to support thriving high streets.

### Commercial rents during the covid-19 pandemic

134. During the pandemic, an evictions ban has been in place for commercial tenants unable to pay their rent. It was welcomed by many in evidence, though we heard that in some cases the ban strained relations between landlords and tenants. Despite the voluntary Code of Practice issued by the Government to help commercial landlords and tenants reach agreements over unpaid rents, we heard both of tenants who took advantage of the situation by refusing to pay their rent even when they could,<sup>342</sup> and of landlords who resisted efforts to negotiate rental agreements.<sup>343</sup> Over the course of the pandemic there were growing calls for the Government to tackle the issue of growing commercial rent arrears.

135. In June, the Government announced its solution: it extended the commercial evictions ban until 25 March 2022 and announced its intention to: (i) legislate to ringfence outstanding unpaid commercial rent, and (ii) introduce a system of binding arbitration for cases where landlords and tenants are unable to reach a resolution through negotiation.<sup>344</sup> The legislation was introduced to the House of Commons on 9 November 2021 through the Commercial Rent (Coronavirus) Bill and applies to businesses in England and Wales.<sup>345</sup> The Bill explains that the rent arrears that are ringfenced are those accrued during periods when a business was legally required to close between 21 March 2020 and 18 July 2021. If a landlord and tenant cannot come to an agreement, an arbitrator can write off some or part of the rent debt, give the tenant additional time to pay, or reduce or cancel interest on debt accrued during the ringfenced period.<sup>346</sup> The Government's policy paper states that "landlords will be able to evict tenants for the non-payment of rent prior to March 2020 and after the end of restrictions for their sector and who have not been affected by business closures during this period", suggesting that the ringfencing also prevents commercial tenants from being evicted for non-payment of rent during the relevant period.<sup>347</sup>

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

342 British Property Federation ([SHS 013](#)) para 14; [Q110](#) (Darren Pearce)

343 Pret a Manger ([SHS 047](#))

344 MHCLG, [Eviction protection extended for businesses most in need](#), 16 June 2021

345 [Commercial Rent \(Coronavirus\) Bill \[Bill 189 \(2021–22\)\]](#)

346 [Explanatory Notes to the Commercial Rent \(Coronavirus\) Bill \[Bill 189 \(2021–22\)\]](#)

347 DLUHC and MHCLG, [Supporting businesses with commercial rent debts: policy statement](#), 4 August 2021

## Company Voluntary Arrangements

137. Disagreements over rent during the pandemic also shone a light on issues with the UK’s insolvency regime, according to the British Property Federation, particularly with regard to Company Voluntary Arrangements (CVAs).<sup>348</sup> A CVA is a legally binding agreement between a company and its unsecured creditors in satisfaction of some of or all its debts.<sup>349</sup> Its purpose is to rescue a viable company that is in financial difficulties. Our predecessor Committee heard competing evidence about the use of CVAs and asked the Government to write to us with its assessment of their effect on the high street and any reforms that may be necessary.<sup>350</sup> The Government responded that CVAs are a useful tool and did not indicate that any reforms were required.<sup>351</sup> The British Property Federation supported the use of CVAs “when used correctly”, however it was concerned that they were increasingly being used opportunistically. It identified two such scenarios, writing:

This is especially the case for ‘Landlord CVAs’, where property owners are the only compromised class of creditors but other, largely unaffected creditors approve the CVA thanks to manipulation of the voting procedure and uncompromised creditors being given voting rights.

This is made worse by businesses that are far from insolvency or have very wealthy shareholders using CVAs to opportunistically reduce their costs and shed stores they no longer want, without putting forward investment themselves or a realistic turnaround plan.<sup>352</sup>

It wrote that the CVA process makes it too easy to rewrite contracts, incentivises short-termism, and undermines partnerships between landlords and tenants, and suggested that the Government conduct a review of CVAs.<sup>353</sup> The Government’s *Build Back Better High Streets* strategy does not mention CVAs.

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

## Landlord and Tenant Act 1954

139. The Landlord and Tenant Act 1954 Part II governs the rights and obligations of landlords and tenants of properties occupied for business purposes. Our predecessor Committee heard that the Landlord and Tenant Act 1954 was “outdated” and based on a pre-internet age.<sup>354</sup> It recommended that the Government “task the Law Commission with reviewing the Landlord and Tenant Act 1954, Part II, assessing in particular whether the law as it currently stands is impeding the emergence of a landlord tenant relationship

348 British Property Federation ([SHS 013](#)) para 8

349 See further: *Company Voluntary Arrangements (CVAs)*, [CBP-6944](#), House of Commons Library, 11 June 2019

350 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 159

351 MHCLG, [Government response to the Eleventh Report of Session 2017–19 of the Housing, Communities and Local Government Select Committee inquiry into high streets and town centres in 2030](#), May 2019, para 38

352 British Property Federation ([SHS 013](#)) paras 41–42

353 British Property Federation ([SHS 013](#)) paras 42–43

354 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 150



which is more appropriate for the current retail environment”.<sup>355</sup> In this inquiry we were told that the need for reform “has become more pressing as the effects of COVID-19 accelerate trends in how commercial property is occupied”.<sup>356</sup> The Government announced in December 2020 that it would review the Landlord and Tenant Act, Part II, and in its *Build Back Better High Streets* strategy announced that this review would commence in Autumn 2021.<sup>357</sup>

140. We received several general suggestions for how the commercial property landscape for high streets could be improved that could be considered as part of the Government’s review of the Landlord and Tenant Act 1954 Part II. These include: changing the 1954 Act to ‘opt in’ for rights of tenancy, not ‘opt out’; reviewing legislation to permit tenant-only break clauses; reviewing rental values and lease arrangements; making property ownership and owners’ contact details more transparent, such as through a national register of landlords; making it mandatory for landlords to grant leaseholders consent for alternative use of a property if the head leaseholder is able to continue paying the rent; and basing commercial leases on turnover or profit rather than a fixed rate.<sup>358</sup>

**141. We welcome the Government’s decision to review the Landlord and Tenant Act 1954, Part II, as recommended by our predecessor Committee. *The Government should consider, whether separately or as part of the review, how to make commercial property ownership more transparent and property owners more easily contactable, such as through a national register of landlords.***

---

355 HCLG Committee, Eleventh report of session 2017–2019, [High streets and town centres in 2030](#), HC 1010, para 157

356 British Property Federation ([SHS 013](#)) para 37

357 MHCLG, [Build Back Better High Streets](#), July 2021, para 41

358 Mayor of London ([SHS 041](#)); Bacta ([SHS 036](#)); Gauselmann ([SHS 043](#)); USDAW ([SHS 017](#)); The BID Foundation ([SHS 020](#)); District Councils Network ([SHS 011](#)); Institute of Place Management ([SHS 037](#)) para 3.4.19; Association of Town and City Management ([SHS 040](#))

## 7 Skills and transport

142. While skills are strictly in the Department for Education’s remit, and transport sits with the Department for Transport, both areas play a key role in revitalising high streets and town centres. High street businesses need access to workers with the appropriate skills, and providing convenient and reliable means of accessing high streets is key to maximising their use. We are concerned that there is not enough crossover between the Government’s plans for skills and its *Build Back Better High Streets* strategy, and have suggestions for how town centre regeneration can be more embedded within the Government’s plans for transport.

### Skills

143. Ensuring that workers have the right skills to adapt to the changing high street economy is vital for supporting our high streets after covid-19. Some of our evidence suggested that those pushed out of traditional high street employment should be given opportunities to reskill in other areas, such as IT, teaching, healthcare and ‘green’ careers.<sup>359</sup> Mastercard suggested that high street businesses, particularly small and medium enterprises, need support to develop digital skills such as digital payment technology.<sup>360</sup> Others suggested that skills shortages within the retail sector should be assessed, and that retail businesses should be given funding to re-train staff in relevant areas such as e-commerce and digital marketing.<sup>361</sup> Michael Wheeler, Political Officer, Union of Shop, Distributive and Allied Workers, stressed that it was important for businesses to be able to offer re-training schemes “while on the job” because the employees in question “do not necessarily have the luxury to take time off work and go back into formal education settings”.<sup>362</sup> Others pointed out that investing in a highly-skilled workforce will boost the high street economy, since it will attract businesses to set up offices in places where they can access skilled workers.<sup>363</sup>

144. The Government has outlined numerous initiatives for skills and jobs in the Treasury’s *Build Back Better: Our Plan for Growth*, published in March 2021, and more recently in its Autumn Budget and Spending Review 2021.<sup>364</sup> These include a £2.5 billion National Skills Fund to allow workers to upskill and reskill over their careers, employer-led digital training bootcamps, and an adult numeracy programme. However, we are concerned that these plans make no mention of their intended impact on high street employment—despite the high street representing 14% of all jobs, according to the ONS—nor indeed on sectors particularly represented on the high street such as retail, hospitality and leisure.<sup>365</sup> Furthermore, the Government’s *Build Back Better High Streets* strategy and hospitality strategy contain no crossover with the Government’s plans for skills as outlined in the Plan for Growth.

359 District Councils Network ([SHS 011](#)); Social Market Foundation ([SHS 012](#)) para 7

360 Mastercard ([SHS 051](#))

361 British Independent Retail Association ([SHS 015](#)); USDAW ([SHS 017](#))

362 [Q40](#)

363 Revo ([SHS 026](#)) para 21; Core Cities ([SHS 044](#)) para 4.6

364 HMT, [Build Back Better: Our Plan for Growth](#), March 2021; HMT, [Autumn Budget and Spending Review 2021](#), 27 October 2021

365 ONS, [High streets in Great Britain: March 2020](#), 10 August 2020

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

## Transport

### Parking

146. Opinion was split on the extent to which improving access to high streets and town centres by car should be encouraged. Some argued that the price of car parking was a barrier to people using their high street, particularly in comparison with retail parks, and called for parking promotions and the removal or reduction of parking fees.<sup>366</sup> Professor Cathy Parker said that there can be a “backlash” in low-traffic neighbourhoods, explaining: “You can understand it from the retailers’ point of view, if outside they were relying on car parking and all of a sudden that has been taken away”.<sup>367</sup> Others argued that incentivising car use could only ever be a temporary solution for reasons of sustainability and quality of life;<sup>368</sup> indeed we concluded in our recent report on local government and the path to net zero that in order to meet its net zero targets, local government must avoid locking people into car dependency.<sup>369</sup> Bill Grimsey argued that policy should account for the decreasing relevance of cars: “By 2050 there will not be cars inside towns, so we should start planning for it now”.<sup>370</sup>

147. Our predecessor Committee recommended that “local authorities should test the impact of different levels of parking charges on footfall and collect data, as well as consulting with local businesses, to understand which interventions will be most effective for that particular place”.<sup>371</sup> Given this recommendation, we welcome the Government’s wish, stated in its *Build Back Better High Streets* strategy, “to see data on parking demand and income published openly, in accordance with a data standard, as part of ‘Annual Parking Reports’”.<sup>372</sup> We also welcome the Government’s technical consultation on proposed changes to parking charges and recently took evidence on this matter.<sup>373</sup> However, the BID Foundation suggested that a barrier to reducing the use of cars to access high streets is the reliance of local authorities on income from car parking: “in [some] places, local authorities prevent the development of town centres because they need car parks which are unnecessary due to adequate public transport links”; it recommended the Government conduct a review of the relationship between parking, local authority income and local

366 Institute of Historic Building Conservation ([SHS 022](#)); British Independent Retailers Association ([SHS 015](#)); British Retail Consortium ([SHS 028](#)) para 15

367 [Q19](#)

368 [Q150](#); [Q155](#)

369 HCLG Committee, Fifth report of session 2021–22, [Local government and the path to net zero](#), HC 32, para 87

370 [Q7](#)

371 MHCLG, [Build Back Better High Streets](#), July 2021, para 114

372 MHCLG, [Build Back Better High Streets](#), July 2021, para 65

373 Oral evidence taken on 17 November 2021, [HC \(2021–22\) 794](#)

economies to better understand the situation.<sup>374</sup> We also note that many local authorities lack control over parking provision and fees due to the proportion of car parks that are run privately.

### Public transport

148. Contributors agreed that improving public transport connectivity would be beneficial to town centre regeneration in order to increase access to them.<sup>375</sup> It was stressed that ensuring that public transport is affordable is essential to making high streets and town centres accessible to the public, with some suggesting that public transport be free or at least free for certain groups such as younger people, older people, and unemployed people.<sup>376</sup>

149. The Government has numerous funding commitments and initiatives to improve public transport connectivity, several of which feature in the Government's *Build Back Better High Streets* strategy. These include £5.7 billion for City Region Sustainable Transport settlements, announced in the Autumn Budget;<sup>377</sup> £3 billion for buses;<sup>378</sup> a National Bus Strategy for England (*Bus Back Better*);<sup>379</sup> and asking local transport authorities to produce Bus Service Improvement Plans.<sup>380</sup> The Department for Transport is also expected to issue new guidance on Local Transport Plans in spring 2022.<sup>381</sup> As we said in our recent report on local government and the path to net zero, we welcome the ambition in the recent national bus strategy to increase bus usage and ensure cheaper and more reliable bus services across the country.<sup>382</sup> We are concerned, however, that it is not clear how much, if any, of the £3 billion for buses is for covid-19 recovery as opposed to improving bus infrastructure.

### Active travel

150. In addition to the environmental benefits of active travel (walking and cycling) that we heard about for our inquiry on local government and the path to net zero, we heard that active travel generates economic benefits for the high street. Professor Aude Biquelet-Lock, Deputy Head of Policy and Research, Royal Town Planning Institute, said that pedestrianised shopping streets were “performing better than those that are open to cars” during the pandemic, and Transport for London cited evidence that “those who walk to a high street spend 40 per cent more than those who drive, and that improvements for walking, cycling and the public realm can increase retail sales by up to 30 per cent”.<sup>383</sup> To incentivise greater take-up of active travel, British BIDs suggested that employers be given grants to develop cycle plans for staff including secure bicycle storage, and that all new car parks should include secure cycle parking.<sup>384</sup> We recognise that ensuring that walking

374 The BID Foundation (SHS 020)

375 District Councils Network (SHS 011); USDAW (SHS 017); Greater Manchester Combined Authority (SHS 030)

376 Charity Retail Association (SHS 046); Institute of Historic Building Conservation (SHS 022); Q155 (Professor Carlos Moreno)

377 HMT, *Autumn Budget and Spending Review 2021*, para 4.64

378 HMT, *Autumn Budget and Spending Review 2021*, para 4.65

379 DfT, *Bus Back Better*, March 2021

380 MHCLG, *Build Back Better High Streets*, July 2021, para 63

381 “New Local Transport Plan guidance scheduled for spring 2022”, *Transport Network*, 14 October 2021

382 HCLG Committee, Fifth report of session 2021–22, *Local government and the path to net zero*, HC 32, para 95

383 Q7; Mayor of London (SHS 041) Appendix 3; see e.g. Transport for London, *Walking & cycling: the economic benefits*

384 British BIDs (SHS 023)

and cycling is inclusive of people of all backgrounds and characteristics will increase the number of people who access high streets by foot or bicycle, and note recent research and guidance on inclusive active travel.<sup>385</sup>

151. Again the Government has numerous initiatives for active travel, some of which feature in the *Build Back Better High Streets* strategy. A revised Manual for Streets will be published in early 2022, so that “more high streets are designed...to be attractive to people walking, cycling, and using public transport”.<sup>386</sup> The Prime Minister’s walking and cycling plan, published in July 2020, commits £2 billion over five years, including “intensive investment in mini-Holland schemes” in twelve areas outside London to boost walking and cycling.<sup>387</sup> The plan includes a target by 2025 of doubling cycling, which we consider may not be realistic in all places, and of increasing walking, which we consider to be insufficiently specific.<sup>388</sup> An additional £710 million for walking and cycling was announced in the Autumn Budget 2021.<sup>389</sup> The announcement did not include details of how it would be allocated, and we note that active travel campaigners say that the funding committed will not be enough to meet the Government’s target of doubling cycling and increasing walking by 2025.<sup>390</sup>

## Freight

152. Another aspect of transport that affects high streets and town centres is how stock is delivered, both to shops and supermarkets, and—with the rise of online retail—to people’s homes. Disappointingly, this is not covered in the *Build Back Better High Streets* strategy. We received suggestions of how freight solutions could be made more environmentally friendly. Dominic Curran, Policy Adviser, Property, British Retail Consortium, said the Government could help by ensuring that no business rates are paid on electric charging vehicles and providing more support for the rollout of charging points.<sup>391</sup> Robin Osterley, Chief Executive, Charity Retail Association, pointed to how technology can help, saying “[s]ome of the vehicle scheduling that our members are using now is of such extraordinary sophistication that they hardly ever travel about empty”, and hinted that organisations could collaborate to share vehicles. He was of the view that legislation, rather than incentives, was needed on emissions and vehicles.<sup>392</sup> Transport for London shared the example of Sainsbury’s rolling out a bicycle delivery service, as well as the suggestion, echoed by Professor Carlos Moreno, of using bicycles for the last mile of deliveries.<sup>393</sup> We note that ‘Click and Collect’ reduces individual journeys while also bringing footfall to the high street. We also consider that the timing of deliveries should strike a balance between minimising congestion and minimising noise to residents at unsociable hours.<sup>394</sup>

385 [Sustrans, \*Cycling for everyone: A guide for inclusive cycling in cities and towns\*, 28 July 2020](#); [Transport for All, \*Pave the Way: The impact of low-traffic neighbourhoods on disabled people, and the future of accessible active travel\*, January 2021](#); [Royal National Institute of Blind People, \*Seeing Streets Differently: How changes to our streets and vehicles are affecting the lives of blind and partially sighted people\*, October 2021](#)

386 MHCLG, [Build Back Better High Streets](#), July 2021, para 58

387 MHCLG, [Build Back Better High Streets](#), July 2021, paras 60–61; Department for Transport, [Gear Change: A bold vision for cycling and walking](#), July 2020

388 Department for Transport, [Gear Change: A bold vision for cycling and walking](#), July 2020, p9

389 HMT, [Autumn Budget and Spending Review 2021](#), para 4.65

390 [“Budget reaction: £2 billion for active travel not enough for government to meet its own targets, warn campaigners”](#), road.cc, 27 October 2021

391 [Q34](#)

392 [Q34](#)

393 Mayor of London ([SHS 041](#)) Appendix 3; [Q161](#)

394 [Q22](#) (Professor Cathy Parker); [Q41](#) (Robin Osterley)

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

154. We welcome significant government funding for public transport, though we urge the Government to clarify how much of its £3 billion for buses is for covid-19 recovery and how much is for investing in improvements. *The Government should embed the accessibility of high streets by public transport—by people of all characteristics and from all backgrounds—in transport policy by:*

- *including accessibility of high streets in the criteria for funding for local transport networks;*
- *including within new guidance on Local Transport Plans a requirement that high streets are adequately served by public transport and that these transport links are affordable and inclusive; and a requirement that Local Transport Plans are integrated with Local Plans;*
- *requiring funding for Bus Service Improvement Plans to be contingent on providing adequate, affordable and inclusive access to high streets; and*
- *including advice on ensuring that high streets are adequately accessible by bus within guidance, promised in the National Bus Strategy, on the provision of economic and socially necessary bus services.*

*We also reiterate our recommendation from our report on devolution that the Government should consider the case for extending powers for Transport for London-style oversight of local buses to all transport authorities.*

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

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

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



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



## Conclusions and recommendations

---

### Supporting high streets through covid-19

1. We commend the Government for acting decisively and quickly to implement a wide-ranging package that supported high street businesses during the covid-19 pandemic. We additionally commend the Government for taking steps to avoid a cliff-edge of support, both by extending schemes beyond the lifting of restrictions, and by winding down gradually schemes such as the business rates holiday and coronavirus job retention scheme. While recognising the speed at which decisions needed to be taken, it is a matter of regret that there seemed to be a lack of co-ordination across Government. We also praise local authorities, Business Improvement Districts, the High Streets Task Force, and others, for their work on the ground to protect high streets and the public's health. (Paragraph 24)
2. The Government's commitment in its hospitality strategy to learning lessons from the pandemic for the hospitality sector is a welcome start, but it should do so for high streets and town centres in the round. Learning lessons will not only help central and local government be better prepared to support the high street through any future health crises, but may also highlight opportunities for policy development to support high streets beyond the pandemic, such as the Government has done by extending pavement licenses. (Paragraph 25)
3. *We recommend that the Government conduct a full lessons learned review that specifically examines the impact of the handling of the pandemic at central and local government level on the short- and long-term health of high streets and town centres. The Government may wish to consider high streets in its independent inquiry into the Government's handling of the pandemic, but given the pressing challenges facing the high street it should conduct a separate review immediately. The review should consider the various schemes on an individual basis as well as differential impacts by sector and by geography. It should consider the value for money of schemes that supported the high street, including how taxpayer money lost to fraud and error could have been prevented. The review should also consider how well high street businesses have been supported to implement covid-19 public health measures, such as the Test and Trace system, social distancing, and guidance on wearing face coverings. As well as considering lessons learned, the review should consider opportunities arising from the covid-19 pandemic for future policy development to support high streets and help them evolve in a post-pandemic world.* (Paragraph 26)
4. *While we consider that an immediate lessons learned review is needed, we recognise that the pandemic is not over. The Government should continue to monitor the impact of the full range of covid-19 business support that affects the high street with a view to being prepared to adjust such support in case of a serious new variant or variants.* (Paragraph 27)

### Building back better high streets

5. It remains the case that resilient, thriving high streets and town centres of the future will be planned in the round in collaboration with local authorities, the business

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

6. In line with our predecessor Committee's recommendations and our report on the planning system in England, Local Plans and strategies for high streets and town centres must be updated regularly in order to keep pace with changing trends. This will also help to identify how vacant units arising from the pandemic can be put to best use. A plan that is more than five years old will do little to support a high street for the future. *The Government should also publish annually a list of which areas have strategies for their high streets and town centres and when they were last updated.* (Paragraph 57)
7. We welcome the £65 million for the planning regime announced in the Spending Review towards a new digital system, though more detail is needed on what this new system will entail. Additionally, this announcement falls significantly short of our previous calls for £500 million over four years for local planning authorities. *We call on the Government to provide additional funding for local authorities to build place partnerships and place leadership. The Government could consider additionally allowing bids for government funds available for high streets to include budgeting for place leadership and placemaking resource alongside capital investment. We also reiterate our call for the Government's resource and skills strategy for the planning system to be published in advance of primary legislation. This strategy should include a focus on planning high streets and place partnerships.* (Paragraph 58)
8. As our predecessor Committee recommended, retailers must adapt to changing consumer habits in order to thrive. Retailers should especially consider how to embrace online as part of their business model, not only as a channel through which to sell products, but also as a means of engaging with customers. *The Government should consider how it can support smaller retailers to become multichannel through targeted investment.* (Paragraph 59)
9. *We recommend that place partnerships and, where possible, businesses, should continually review whether store opening hours are meeting people's needs and generating maximum custom as consumers settle into life after the pandemic. We recommend that places that cannot invest in footfall counting technology make use of the High Streets Task Force manual footfall counting programme to help assess opening hours.* (Paragraph 60)
10. The future of the high street will depend in part on where people work. It is therefore disappointing that the Government's impact assessment of its consultation on

making flexible working the default does not consider high streets and town centres. *The Government should assess the impact of making flexible working the default on high streets and town centres.* (Paragraph 61)

11. With hybrid working likely to become more common, co-working spaces may offer an opportunity to attract footfall to smaller high streets and town centres. *The Government should consider how co-working office spaces can be taxed fairly so as to stimulate high street business without harming local authority income or BID levies.* (Paragraph 62)
12. We are disappointed that the Build Back Better High Streets Strategy does not mention markets and does not introduce any new initiatives for heritage. *The Government should consider what further steps it can take to support markets and local heritage to build back better high streets.* (Paragraph 63)
13. The Government's commitment in its Build Back Better High Streets strategy to work with stakeholders on how property owners and community groups can be better engaged with Business Improvement Districts is welcome, albeit vague. *This work should include consideration of how Business Improvement Districts can be supported to be their most effective, such as exploring whether renewal terms should be extended. The Government should commit to a review of whether additional models could be legislated for alongside Business Improvement Districts, such as Community Improvement Districts, Property Owner BIDs, and Place Improvement Districts. The Government should collect and publish examples of local initiatives that could serve as models.* (Paragraph 67)
14. We welcome the Government's intentions to reform the Compulsory Purchase Order process, which is overdue. *The Government must publish further detail on proposed reforms to the Compulsory Purchase Order process without delay, along with timescales for reform. It should set out how it intends to streamline and simplify the process, as well as how it intends to ensure that local authorities have the necessary expertise.* (Paragraph 71)

### Government support for high streets

15. The Government's current approach to funding town centre regeneration—in line with its approach to allocating funding to local government generally—is too complex, short-term, and fragmented. Ultimately this funding approach may hamper rather than facilitate the Government's ambitions to build back better high streets, which require funding for long-term, comprehensive strategies for town centres in the round. *The Government must move away from its current funding approach of multiple disparate grants for relatively small sums of money for which local authorities must compete, instead combining fewer grants of larger sums of money with a sustainable long-term funding settlement for local government and greater devolution of funding and powers. It should seriously consider not making the UK Shared Prosperity Fund a competitive fund.* (Paragraph 92)
16. *The Government should keep to its commitment that the UK Shared Prosperity Fund will at least match receipts from EU structural funds. It should ensure that areas that would have been classed as objective 1 areas had the UK remained in the EU do not*

*lose out on additional funds. As we recommended in our report on the progress of devolution in England, the Government should increase the total amount of funding for the UK Shared Prosperity Fund to ensure that English regions that would have been eligible for greater sums of structural funding had the UK stayed in the EU, and if the Government had strictly followed the EU's former allocation of funds, do not lose out as a result of the Government's guarantee to retain the existing amounts of funding for other parts of the UK. (Paragraph 93)*

17. *We urge the Government to publish measurable outcomes frameworks for each of the Towns Fund, Levelling Up Fund, Community Ownership Fund, UK Community Renewal Fund, and UK Shared Prosperity Fund. These frameworks should set out how the funds achieve the goal of levelling up high streets and town centres, taking into account areas that have not received funding. The frameworks should measure impacts on people and ensure that they do not simply count outputs such as the number of buildings that have been repurposed. The frameworks should have social value as well as economic growth embedded within them. (Paragraph 94)*
18. *It is important for the Government not just to evaluate the success of the individual funds, but also to have a clear framework for how the different funds will work together to achieve high street and town centre regeneration at the scale that is required in all the places the need it. The Government should set out an overarching evaluation framework for its Build Back Better High Streets Strategy, including how funds available for high street regeneration contribute to successful delivery of outcomes. (Paragraph 95)*
19. *For each competitive fund available for high streets, the Government should publish the full list of local authorities whose bids were unsuccessful in each round. For future rounds of bidding for these funds, the Government should consider requiring local authorities to state how much it cost them to put the bid together—whether using their own resources or capacity funding provided by the Government—and publish these amounts, to provide greater transparency about value for money. The Government should undertake a cost-benefit analysis of the bidding process to identify which local authorities do not have the resources to draft bids. This analysis should show the geographical applications and success of bids. (Paragraph 96)*
20. *The Government should clarify whether any further funds will be available from the Towns Fund for competitive bidding, as was originally intended, or whether the Government's position is now that authorities who wish to compete for funding for Town Deals should do so by applying to the Levelling Up Fund. (Paragraph 97)*
21. *The Government should explain why such a high proportion of applications to the Community Ownership Fund were disqualified. For future rounds, the Government should ensure that the eligibility requirements are clear and well understood. The Government should also set out its justification for requiring communities applying to the fund to be able to provide half of the capital funding for their proposals, and should consider removing this requirement for future rounds of the fund. (Paragraph 98)*
22. *It is clear that the High Streets Task Force is highly prized and should be commended for its excellent work in its first two years of existence, in particularly difficult circumstances. While the focus of the High Streets Task Force necessarily had to*

change with the covid-19 outbreak, we are concerned that budgetary constraints limit the Task Force in achieving its full potential and delivering the recommendations our predecessor Committee had for it. We are particularly concerned that the High Streets Task Force is being held up as the solution to a gap in skills and capacity for place leadership at a national level, when it is warning that it lacks the resource to do so. *The Government should review the size and remit of the High Streets Task Force as soon as possible, with a view to increasing its budget.* (Paragraph 103)

### Changes to use classes and permitted development rights

23. We are concerned by the Government's confirmation that change of use from office to retail no longer requires a sequential test to protect main town centre uses, and we welcome the Secretary of State's recent commitment to us to look again at this issue. *We reiterate our recommendation from our report on Permitted Development Rights that the Government should consider amending the use class regime to prevent out-of-town commercial and business premises from being converted to retail without having first gone through the sequential test.* (Paragraph 115)
24. *We also reiterate our recommendation that the Government amend the prior approval process for the class MA right so that councils, in deciding whether to approve development, can consider the impact of a loss of ground-floor commercial, business and service use on the sustainability of a town centre or high street. Additionally, the Government should monitor the impact of the new use classes on high streets and town centres and report its findings to this Committee.* (Paragraph 116)
25. Housing has a valuable role to play in mixed-use high streets, but we are not convinced that extending permitted development rights from Use Class E to residential is the right way to address either the housing shortage or the regeneration of high streets and town centres. We are concerned that the Government's current approach may introduce so much flexibility as to create an imbalance between housing and other high street uses. We are not persuaded that the Government has sufficient evidence to justify extending permitted development rights in this way, without any pilots. *As part of the review of permitted development rights which we recommended in our recent report on the same subject, the Government should include an evaluation of their impact on high streets and town centres, including Article 4 directions.* (Paragraph 117)

### Business rates and taxation

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



27. We welcome the fact that the Government intends to compensate local authorities for its temporary business rates measures, though more detail on how it intends to do so is needed. *The Government should set out how it intends to compensate local authorities for its temporary business rates measures.* (Paragraph 128)
28. We welcome the consultation on transitional relief, and recognise that more frequent revaluations will go some way to helping businesses pay the correct level of business rates for their properties' rateable values. *The Government's consultation should consider how businesses in a downward property market can reach a stage where they are paying the correct rate more quickly than is currently the case.* (Paragraph 129)
29. We support the principle of an online sales tax and welcome the consultation. We particularly welcome that revenue from an online sales tax would be used to reduce business rates for retailers. *The Government should provide clear timescales for the consultation. Since the future of retail is multichannel due to changing consumer habits, it is particularly important that an online sales tax does not penalise retailers that have both an online and bricks-and-mortar presence. We look forward to further detail on the scope of the consultation, which we recommend must consider:*
- *the impact on multichannel retailers;*
  - *the scope of the tax, including which sectors it will be levied on (such as groceries and holidays) and whether it will apply to Click and Collect;*
  - *how revenue will offset business rates for retailers in a meaningful way and on a permanent basis;*
  - *how the tax may sit alongside work by the OECD to develop a consensus solution to the tax challenges of digitalisation; and*
  - *the impact on local authority income.* (Paragraph 130)
30. *Building on its fundamental review of business rates, the Government should conduct a full review of taxes on high street businesses to ensure that they are fair, fit for purpose in a digital era, and generate economic, environmental, and social value. The review should include an analysis by sector and include possible targeted interventions.* (Paragraph 132)

### Landlords and tenants

31. We welcome the steps taken by the Government to address the issue of covid-19 related commercial rent arrears. *Alongside the legislation that the Government has introduced, explicit guidance will be required to define exactly what is meant by ringfencing arrears and the periods to which ringfencing applies. As well as differences by sector, this guidance must take into account local restrictions.* (Paragraph 136)
32. We are concerned that the Government's Build Back Better High Streets strategy does not mention Company Voluntary Arrangements. *We recommend that the Government consults stakeholders to determine whether a review of Company Voluntary Arrangements is needed.* (Paragraph 138)



33. We welcome the Government's decision to review the Landlord and Tenant Act 1954, Part II, as recommended by our predecessor Committee. *The Government should consider, whether separately or as part of the review, how to make commercial property ownership more transparent and property owners more easily contactable, such as through a national register of landlords.* (Paragraph 141)

### Skills and transport

34. We are concerned that the Government lacks a joined-up approach for generating jobs on the high street and ensuring that those working on the high street have the opportunity to develop appropriate skills. *The Government should set out its targets for high street employment and how they relate to its plans for skills and jobs. We also reiterate our recommendation from our report on devolution in England that the devolution of the adult education budget should be included in the devolution framework. This will help areas target their adult education initiatives towards skills gaps in their town centres.* (Paragraph 145)
35. While we recognise that some provision of parking to access high streets and town centres is necessary for accessibility reasons, strategies for high streets should seek to minimise car use and increase public transport and active travel. *The Government should commission a review of the relationship between local authority income and parking fees, with a view to reducing local authority reliance on income from parking. It should also set out a timeframe for introducing the new data standard. Separately, consideration should be given to requiring all new car parks to include secure cycle parking.* (Paragraph 153)
36. We welcome significant government funding for public transport, though we urge the Government to clarify how much of its £3 billion for buses is for covid-19 recovery and how much is for investing in improvements. *The Government should embed the accessibility of high streets by public transport—by people of all characteristics and from all backgrounds—in transport policy by:*
- *including accessibility of high streets in the criteria for funding for local transport networks;*
  - *including within new guidance on Local Transport Plans a requirement that high streets are adequately served by public transport and that these transport links are affordable and inclusive; and a requirement that Local Transport Plans are integrated with Local Plans;*
  - *requiring funding for Bus Service Improvement Plans to be contingent on providing adequate, affordable and inclusive access to high streets; and*
  - *including advice on ensuring that high streets are adequately accessible by bus within guidance, promised in the National Bus Strategy, on the provision of economic and socially necessary bus services.*
  - *We also reiterate our recommendation from our report on devolution that the Government should consider the case for extending powers for Transport for London-style oversight of local buses to all transport authorities.* (Paragraph 154)

37. We welcome government funding for active travel and reiterate our recommendation from our report on local government and the path to net zero that the Government should put funding for active travel on a consistent footing as opposed to a competitive basis. *The Government should publish how additional funding for active travel will be allocated fairly and should ringfence funds for active travel projects that support the health of the high street.* (Paragraph 155)
38. *To maximise the number of people accessing high streets by foot, bicycle, or public transport, the Government should ensure that the revised Manual for Streets includes clear guidance on how to make walking, cycling, and public transport accessible to people of all characteristics and backgrounds. The Government should also develop guidance to help local areas set their own targets for increasing walking and cycling, and this guidance should include advice on maximising the benefits for high streets and town centres.* (Paragraph 156)
39. *Local authorities should monitor the social, environmental, and economic impacts of any changes to walking, cycling, and public transport infrastructure on high streets.* (Paragraph 157)
40. It is disappointing that consideration of freight solutions for the high street is missing from the Government's Build Back Better High Streets strategy. *Consideration of freight solutions should include how the use of more environmentally friendly freight solutions may be incentivised, such as 'last-mile' logistics by bicycle and greater rollout of electric vehicle charging points, as well as any legislation that may be required to limit emissions from freight vehicles. It should also consider how to balance the timing of deliveries with minimising congestion and minimising noise to residents at unsociable hours.* (Paragraph 158)

# Formal minutes

---

**Wednesday 1 December 2021**

## **Members present**

Mr Clive Betts, in the Chair

Ian Byrne

Rachel Hopkins

Andrew Lewer

Matt Vickers

## **Supporting our high streets after covid-19**

Draft Report (*Supporting our high streets after covid-19*) proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 158 agreed to.

Summary agreed to.

*Resolved*, That the Report be the Sixth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order 134.

## **Adjournment**

[Adjourned till to Monday 13 December at 3.30pm]

## Witnesses

---

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 2 November 2020

**Professor Cathy Parker**, Co-Chair, Institute of Place Management, & Professor of Marketing and Retail Enterprise, Manchester Metropolitan University; **Professor Aude Biquelet-Lock**, Deputy Head of Policy and Research, Royal Town Planning Institute; **William Grimsey**, Author, Grimsey Review

[Q1–22](#)

**Robin Osterley**, Chief Executive, Charity Retail Association; **Michael Wheeler**, Political Officer, Union of Shop, Distributive and Allied Workers; **Dominic Curran**, Policy Adviser - Property, British Retail Consortium

[Q23–43](#)

### Monday 11 January 2021

**Scott Corfe**, Research Director, Social Market Foundation; **Cllr Mark Crane**, Lead for Economic Development, District Councils Network; **Paul Swinney**, Director of Policy and Research, Centre for Cities

[Q44–75](#)

**Martin McTague**, National Vice Chair Policy and Advocacy, Federation of Small Businesses; **Ros Morgan**, Chief Executive, Heart of London Business Alliance

[Q76–98](#)

### Thursday 13 May 2021

**Darren Pearce**, Centre Director, Sheffield Meadowhall; **Nigel Connor**, Company Secretary, JD Wetherspoon; **Lee Frankham**, Retail Director, EE & BT, BT Group; **Sir John Timpson CBE**, Chairman, Timpson Group

[Q99–143](#)

### Thursday 10 June 2021

**Professor Carlos Moreno**, Scientific Director of the Chair «Entrepreneurship-Territory-Innovation», Panthéon Sorbonne University, IAE Paris; **Professor Chan Heng Chee**, Chair, Lee Kuan Yew Centre for Innovative Cities; **Professor Ricky Burdett**, Professor of Urban Studies, Director of LSE Cities and Urban Age, London School of Economics

[Q144–161](#)

### Monday 5 July 2021

**Luke Hall MP**, Minister for Regional Growth and Local Government, Ministry of Housing, Communities and Local Government; **Kate O'Neill**, Director of Policy, Cities and Local Growth Unit, Ministry of Housing, Communities and Local Government; **Paul Scully MP**, Minister for Small Business, Consumers and Labour Markets, Department for Business, Energy and Industrial Strategy

[Q162–207](#)

## Published written evidence

---

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

SHS numbers are generated by the evidence processing system and so may not be complete.

- 1 ACS (The Association of Convenience Stores) ([SHS0042](#))
- 2 Association of Town and City Management ([SHS0040](#))
- 3 Bacta ([SHS0036](#))
- 4 Betting and Gaming Council ([SHS0024](#))
- 5 Bettys and Taylors Group Ltd ([SHS0038](#))
- 6 British BIDs ([SHS0023](#))
- 7 British Beer and Pub Association ([SHS0018](#))
- 8 British Dental Association ([SHS0021](#))
- 9 British Independent retailers Association (BIRA) ([SHS0015](#))
- 10 British Land ([SHS0027](#))
- 11 British Property Federation ([SHS0013](#))
- 12 British Retail Consortium ([SHS0028](#))
- 13 Charity Retail Association ([SHS0046](#))
- 14 Coad, Mr Tim (Funeral Arranger, South Downs Funeral Service) ([SHS0001](#))
- 15 Core Cities UK ([SHS0044](#))
- 16 Costa Coffee ([SHS0049](#))
- 17 District Councils' Network ([SHS0011](#))
- 18 Dixons Carphone ([SHS0050](#))
- 19 First Base ([SHS0045](#))
- 20 Gauselmann ([SHS0043](#))
- 21 Greater Manchester Combined Authority ([SHS0030](#))
- 22 Hallsworth, Professor Alan G (Visiting Researcher, University of Portsmouth) ([SHS0004](#))
- 23 Harrison, Mr Ian (Markets Manager, Newark Town Council) ([SHS0029](#))
- 24 Historic England ([SHS0039](#))
- 25 Institute of Historic Building Conservation ([SHS0022](#))
- 26 Institute of Place Management ([SHS0037](#))
- 27 John Lewis Partnership ([SHS0048](#))
- 28 Linnell, Mr David ([SHS0005](#))
- 29 Local Government Association (LGA) ([SHS0008](#))
- 30 London Borough of Croydon ([SHS0035](#))
- 31 London First ([SHS0031](#))
- 32 Mastercard ([SHS0051](#))
- 33 Mayor of London ([SHS0041](#))

- 34 NFRN (Federation of Independent Retailers) ([SHS0032](#))
- 35 NHS Confederation; and Power to Change ([SHS0014](#))
- 36 National Hair & Beauty Federation ([SHS0009](#))
- 37 Power to Change Trust ([SHS0006](#))
- 38 Pret A Manger ([SHS0047](#))
- 39 Revo ([SHS0026](#))
- 40 Royal Town Planning Institute (RTPI) ([SHS0003](#))
- 41 Social Market Foundation ([SHS0012](#))
- 42 The Architectural Heritage Fund ([SHS0007](#))
- 43 The BID Foundation ([SHS0020](#))
- 44 The Booksellers Association ([SHS0016](#))
- 45 The City of London Corporation ([SHS0025](#))
- 46 The National Association of British Market Authorities (NABMA) ([SHS0010](#))
- 47 The Society of Independent Brewers (SIBA) ([SHS0002](#))
- 48 UKactive ([SHS0019](#))
- 49 Usdaw ([SHS0017](#))



# List of Reports from the Committee during the current Parliament

---

All publications from the Committee are available on the publications page of the Committee's website.

## Session 2021–22

Number	Title	Reference
1st	The future of the planning system in England	HC 38
2nd	Local authority financial sustainability and the section 114 regime	HC 33
3rd	Permitted Development Rights	HC 32
4th	Progress on devolution in England	HC 36
5th	Local government and the path to net zero	HC 34

## Session 2019–21

Number	Title	Reference
1st	Protecting rough sleepers and renters: Interim Report	HC 309
2nd	Cladding: progress of remediation	HC 172
3rd	Building more social housing	HC 173
4th	Appointment of the Chair of Homes England	HC 821
5th	Pre-legislative scrutiny of the Building Safety Bill	HC 446
6th	Protecting the homeless and the private rented sector: MHCLG's response to Covid-19	HC 1329
7th	Cladding Remediation—Follow-up	HC 1249