

General Election 2015 policy briefing

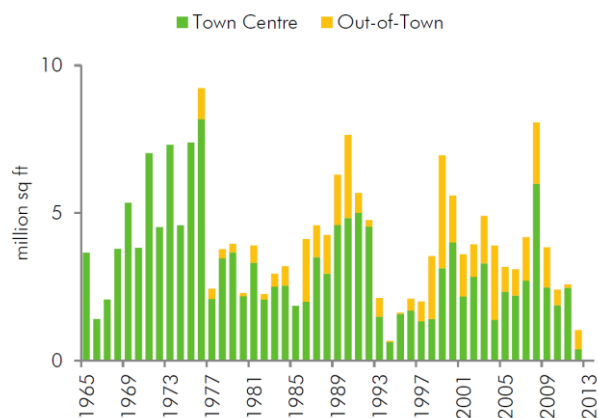
High streets and town centres: How to help them thrive

High streets and town centres are in trouble, or so it is widely believed. Certainly the number of vacant shops is rising and there are increasing fears that the continued dominance of out of town shopping, and the rise of e-commerce, is undermining them. But that isn't inevitable. Local government leaders are developing a better approach, giving high streets a sustainable role, underpinning the local economy and the social fabric.

The figures look bleak. High street footfall has been dropping, with vacancy rates running at around 11 per cent (2012).¹ On the face of it, our high streets are retreating into lifeless residential areas, turning public space private promising the kind of doughnut effect which has afflicted so many towns in North America. This is an unbalanced, polluted and unsustainable future, where people have to travel further to work or shop.

The end of the high street has been gleefully proclaimed by out of town developers. But an estimated third of the population already have difficulties reaching large shopping centres – usually because they have no access to transport and the taxi fare adds to their weekly shopping bill. Access to affordable *fresh* local food is harder for poorer families.²

Abandoning the high street also damages the social fabric. Removing the bustle of town centres increases crime and also reduces social participation – even voter turn-out.³



Total shopping completions (source: TCPA, CBRE and PMA).

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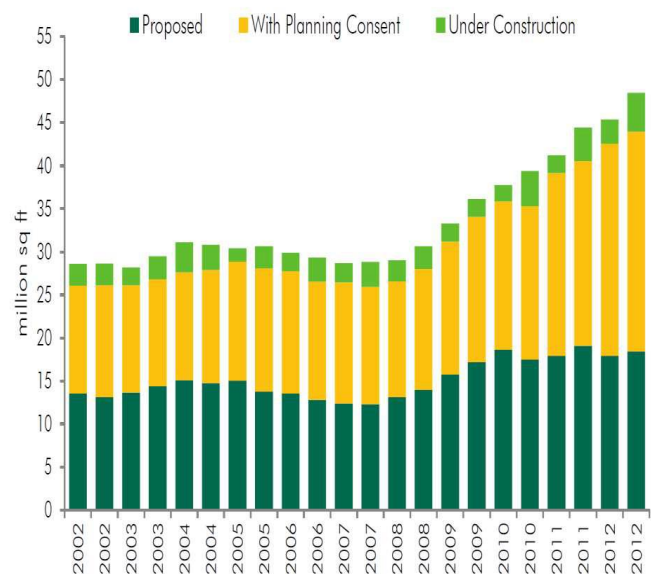
Reasons for this decline include:

- The dominance in the groceries market by a few major providers. Tesco now controls over a third of the grocery market, reducing choice and undermining diversity (the Big Four allow themselves 90 days to pay suppliers, providing them with a rolling two-month interest-free loan not available to competitors). They also act as monopoly purchasers, corroding the UK farming industry.
- Supermarkets have prevented effective competition by building up huge land banks, up to about ten per cent of their existing stores, with sites on average left vacant for four years.⁴
- The failure of governments to enforce their Town Centre First policies, first introduced in 1996 and still in the National Planning Policy Framework, to stem the drift out of town (only 24 per cent of new retail schemes over 50,000 sq ft are being developed in town centres (2012)).⁵ New investment in town centres is increasingly difficult if investors believe they will come under pressure from out of town stores.
- Internet shopping from websites like Amazon that avoid the taxes paid by their competitors (John Lewis has warned that tax avoidance by e-retailers could drive UK competitors out of business).⁶
- Retail-led regeneration has tended to suck money out of local economies, undermining their resilience and impoverishing local people. An analysis of one local economy in Devon found that local spending supported three times the number of jobs than national chains for the same amount of money.⁷
- High streets are, as a result, increasingly dominated by fast food outlets, betting shops and money lenders, undermining health and well-being and siphoning money out of the

local economy. Payday loan companies routinely cash cheques at APR rates of up to 3,000 per cent.⁸

The first application of green economics to high streets emerged with the first *Clone Town Britain* report in 2004.⁹ Those involved also fed into the review of high streets by Mary Portas, and welcomed her recommendations for 'town teams', market days and support for high street loans.¹⁰

The shift to charging business rates on shops that are empty for more than three months is also an important step forward.



Huge weight of new supermarket development on the way, (source: TCPA, CBRE).

But we needed to go further, to make town centres:

- Drive local economic revival.
- Underpin local well-being.
- Support efforts to lower carbon and boost sustainability.

Objectives

These are the touchstones that underpin the new approach. The good news is that the high street is not doomed. What is under threat is not so much the big grocers or the small retailers, at least those which have adapted to providing what local people need – and giving them a sense of local authenticity. It is the medium-sized chains which have not adapted to changing customers, or local markets, and are often heavily indebted.

The danger is that the ‘disaster’ analysis will be used to justify a complete de-regulation of planning in town centres, so that high streets revert to soulless dormitories – leaving most shopping online or out of town, where families are increasingly reliant on motorised shopping and living at the mercy of escalating oil prices.

The key is that high streets must embrace a new diversity capable of driving local business, attracting people from bland out-of-town stores and to provide a sustainable focus for the town. They must provide a bustling centre for markets and culture, as well as training, recycling and for meeting.

This is not a new approach. The Danish architect Jan Gehl managed to transform Copenhagen along these lines. Four times as many people now go to the centre of Copenhagen than in the past, but it was necessary to recognise shopping is no longer enough to bring people into the city centre.¹¹

What high street needs is the kind of bustle, excitement and sense of occasion of street markets. Local food and a wide range of music are increasingly recognised as one basis for high street regeneration, but we can’t just rely on markets. High streets need to be re-imagined as social spaces.

Local money flows

The Clone Town campaign was reported as if it was a purely aesthetic issue. In fact, the heart of our approach is an economic argument, based on a study of how money flows around a local economy. How many times money circulates in an area is just as important as the amount of money flowing into it, into cities and the high streets that make them up.

Local money flows analysis shows that some high streets may have the same amount of money coming in, but in one of them it gets spent in the supermarket and then it leaves the area straight away. But in another place, the income gets passed on from local business to local business, over and over again. It is the same money, but every time it changes hands, it creates local wealth.

It is not the total amount of money that is important here. It is the diverse ecosystem of businesses, and maybe even the diversity of people that matters – because they can keep money circulating:

- Our original research on the local multiplier effect showed that every £10 spent with the organic vegetable box scheme was worth £25 for the local area, compared with just £14 when the same amount was spent in a supermarket.¹²
- A study in a Chicago neighbourhood showed that a dollar spent at a local restaurant yielded a 25 per cent greater economic multiplier effect than at a chain restaurant.¹³
- An LM3 study of the Brixton pound shows that a pound spent locally is worth £1.73 for the local economy.¹⁴

The implications of this for the local economy are profound. It means that sustainable economic success requires a diverse range of locally-owned

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businesses which trade with each other. Outside investment is important, but only when it supports that local business – not when it corrodes it by taking local spending away from the area.

National policy shifts

To support towns and cities to achieve those three objectives – economic revival, health and well-being, sustainability – policy-makers need to support them like this:

- **Reform use class orders.** Payday loan companies are taking money out of local circulation and undermining resilience. It makes no sense that they are in the same use class orders as banks, which do the opposite. They need to be redefined under the 'sui generis' class, like casinos, so that high streets can be defended against them. It also makes sense that planning permission for betting shops should rule out damaging fixed-odds gambling machines, because these also fall under the casino category. We propose a new local government power to bring derelict shops, land and buildings into temporary cultural use, to avoid the blight of closed shops.¹⁵
- **Protect local competition.** Policy-makers need to find ways of tackling local and regional monopolies as well as national ones, so that people still have the choice to shop where they want – and that includes protection for different styles of shopping as well (not everyone is able to go shopping out of town). That means setting up a Local Competition Ombudsman as recommended by the Competition Commission in 2009.¹⁶
- **Provide effective local lending infrastructure.** The big banks are no longer able to serve local businesses and we need the kind of infrastructure

of local banks that are now common in continental Europe and the USA, either by carving them out of the big banks or by expecting to fund a new community banking network, as they do in the USA.¹⁷ The new postbank would also help local businesses now that bank branches are closing.¹⁸ But credit unions also need to be geared up effectively to compete with the payday loan companies, to keep the money circulating locally and prevent social damage.

- **Reinforce town centre first.** The government must enforce their 'town centre first' policy so that the economic corrosion caused by out-of-town retailing goes no further. The Localism Act will mean nothing unless local plans are genuinely supported in planning appeals and the views of local people respected.

Local priorities

There is a great deal that can be achieved locally by imaginative local authorities which want to make a difference:

- **Keeping local money circulating locally.** Monoculture high streets are extremely vulnerable economically, and healthy high streets require a healthy proportion of locally owned businesses trading with each other. The central task for those responsible for town centres is not only to attract outside investment, but to shape the high street like a good landlord – encouraging key stores to open, making sure they genuinely anchor the surrounding business (many grocery chains actively undercut them), finding ways to help local entrepreneurs to start businesses, creating stepping stones for them – like market stalls – and building a sense of local identity.¹⁹
- **Forcing developers to prove their impact on local money flows.** One major reason why so many of our local economies have been hollowed

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out is that so many cities have been using wealth destroyers as anchor stores. American cities are leading the way in fighting back. The California city of San Diego forces grocery superstores over 90,000 square feet to get a Site Development Permit (SDP). These permits will only be issued if the developer can show that their new project will not increase neighbourhood blight, adversely affect the city's small businesses. The new National Planning Framework in the UK hints at similar powers, but local authorities need to grasp them in practice.

- *Balancing a range of diverse activities in high streets.* Retailing is no longer enough. Town centres need to be centres of production as well as consumption, of energy generation and training. As Woking has showed, town centres can be net generators of local energy. As Ludlow has showed, high streets can also be centres of production, showcasing local food. As Liverpool has showed, food waste can be used as compost for growing more food, and for generating electricity. The new recycling and repair economy is also emerging, which can also process waste as raw materials for the new local economy.
- *Involve local people in shaping the future.* Mary Portas proposed that BIDs should include landlords, but they also need to find ways of including all local stakeholders, including the people who live there – because high streets that are able to involve them all in creating achievable local visions are far more likely to thrive. That also means speeding up the approval process under the Sustainable Communities Act and letting town and parish councils use it too.²⁰
- *Creating town centre trusts* to take over ownership of shops, and provide a return to owner-managers when they sell, and to maintain rents at a level that supports the long-term viability of the area. Business Improvement

Districts are already beginning to provide property to new tenants, and could be the basis of these.

- *Launching local loyalty schemes and local currencies.* The Wigan Plus card rewards shoppers for shopping in local stores. The Brixton and Bristol pounds provide extra liquidity to encourage the local economy. The Swiss Wir system and the community banks of Brazil provide low-cost credit to small businesses in parallel currencies. We need to experiment much more widely with similar ideas in the UK.²¹
- *Setting up more street markets.* They keep more money circulating in the local economy for longer than big stores. They provide twice as many jobs per pound spent as supermarkets, support retail diversity by providing space for a range of independent local traders, and provide an environment with low barriers to entry in which new enterprises can flourish.²²
- *Making property owners public.* The UK Land Registry still allows owners of commercial property to hide their identities through offshore trusts. This allows them to avoid tax and undermines the ability of local areas to include them in shared visions and aspirations.²³
- *Cut traffic.* Many local high streets rely on motorised traffic, but traffic pollutes the air, diminishes the amenity of the local environment with noise and make town centres dangerous for pedestrians. The solution to reduce traffic and cut congestion is often to make less road space available for it.²⁴

What you can do

If your neighbourhood is run-down, or facing redevelopment by a destructive regeneration

plan, what can you do? You could try any or all of these:

- *Re-imagine your high street.* Give people a local stake by helping them shape the future.²⁵
- *Create an alternative economic plan.* You won't be able to do this alone, but the more local people and institutions you can involve, the more traction it is likely to have with officials.²⁶
- *Estimate local money flows.* Use LM3 tools to find out where local money is leaking out, and what can be done about it.²⁷

Find out more

Centre for Local Economic Strategies.²⁸

Clone Town Britain.²⁹

Local Works, the campaign group behind the Sustainable Communities Act.³⁰

New Economics Foundation.³¹

Planning aid: find free planning advice.³²

Plugging the Leaks.³³

Portas Review.³⁴

Town and Country Planning Association.³⁵

Endnotes

¹ British Retail Consortium research, see BBC (2013), 18 Feb.

² The Environmental Youth Conference in Brecon in 2006 found that the ingredients for a traditional local lamb dish could still be found within ten miles, but from a supermarket they had travelled about 12,000 miles.

³ Stephan J. Goetz and Anil Rupasingha (2006), 'Walmart and social capital', *American Journal of Agricultural Economics*, 88, 5.

⁴ Office of Fair Trading statistics, see Fiona Walsh (2006), 'Land locked', *The Guardian*, 9 May.

⁵ *Retail Gazette* (2012), 29 Nov.

⁶ *Daily Telegraph* (2012), 14 Nov.

⁷ Fiona Ward (2013), *Totnes and District Local Economic Blueprint*, REconomy, Totnes.

⁸ Hilary Osborne (2012), 'Payday lenders and pawn shops change the face of Britain's high streets', *The Guardian*, 26 May.

⁹ Molly Conisbee et al (2004), *Clone Town Britain: The loss of local identity on the nation's high streets*, nef, London.

¹⁰ See the results of the first Portas pilots at www.maryportas.com/portaspilots/

¹¹ See <http://www.gehlarchitects.com/>

¹² Bernie Ward and Julie Lewis (2002), *Plugging the Leaks: Making the most of every pound that enters your local economy*, New Economics Foundation, London, 20.

¹³ Matt Cunningham and Dan Houston (2004), *The Andersonville Study of Retail Economics*, Civic Economics, Chicago.

¹⁴ Unpublished research by the Brixton Pound.

¹⁵ This idea was originally proposed in Andrew Simms (2011), *The New Home Front*, Green Party, London, 34.

¹⁶ www.competition-commission.org.uk/our-work/directory-of-all-inquiries/groceries-market-investigation-and-remittal

¹⁷ David Boyle (2011), *A Local Banking System: The urgent need to reinvigorate UK high street banking*, New Economics Foundation, London.

¹⁸ Postbank Coalition (2009), *The Case for a Postbank*, New Economics Foundation, London.

¹⁹ For markets see, John Taylor et al. (2005). *Trading Places: The local economic impact of street produce*

and farmers' markets, New Economics Foundation, London.

²⁰ See www.localworks.org.

²¹ See David Boyle (2011), *More than Money*, NESTA, London.

²² Taylor (2005), *op cit*.

²³ David Leigh et al (2012), 'Revealed: the real identities behind Britain's secret property deals', *The Guardian*, 26 Nov.

²⁴ Martin Mogridge (1987), *A Panacea for Road Congestion?*, University College, London.

²⁵ www.reimagineyourhighstreet.org

²⁶ <http://mycommunityrights.org.uk/neighbourhood-planning/>

²⁷ www.pluggingtheleaks.org

²⁸ www.cles.org.uk

²⁹ Elizabeth Cox (2010), *Reimagining the High Street*, New Economics Foundation, London.

³⁰ www.localworks.org

³¹ www.neweconomics.org

³² www.rtpi.org.uk/planning-aid/

³³ www.pluggingtheleaks.org/

³⁴ Mary Portas (2011), *The Portas Review : An independent review into the future of our high streets*, BIS, London.

³⁵ www.tcpa.org.uk