



DEBATE PACK

Number CDP 2019/0182 , 8 July 2019

Developing a retail strategy for the future

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Summary

This pack has been produced ahead of the debate on Developing a retail strategy for the future, to be held in Westminster Hall on Wednesday 10 July 2019 at 2.30pm, and led by Liz Twist MP.

This briefing provides detail on recent trends in the retail sector and policy proposals for its future role.

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

1. Retail sector industrial strategy

The government's [Industrial Strategy](#), published in November 2017, created a number of [Sector Deals](#) to support sectors with a competitive advantage in the UK or in which UK companies excel. Sector Deals are bespoke collaborations between industry and government which aim to improve productivity, skills and output in certain sectors.

The Industrial Strategy included the following statement about the retail sector:¹

Some of the biggest opportunities for raising productivity come in sectors of the economy that have lower average productivity levels, but where many people work and which are vital to our economy.

We will work closely with sectors such as hospitality, **retail** and tourism on each of the foundations of productivity in order to be able to progressively drive up the earning power of people employed in these industries and enhancing our national productivity

Since then the government has announced a [Sector Deal for tourism](#), but not one for the retail sector. A recent Department for Business Enterprise and Industrial Strategy Select Committee report states that²

...despite the potential productivity gains and the enthusiastic support from industry and workers, we heard that progress on the [retail sector] deal had stopped as the Government, and more specifically the Department for Education, were unwilling to discuss the sector's proposals on apprenticeships.

The Government has created a [Retail Sector Council](#) to facilitate discussion between government and industry about the future strategy for the retail sector. The Council was created in March 2018 with the following mission statement:³

The new industry-led Council will seek to encourage growth and positive change in the sector as it adapts to rapidly changing consumer habits.

A [Parliamentary Question from January 2019](#) provides more details about the work of the Council:⁴

The Retail Sector Council meets approximately three times a year...The Council is prioritising its work to address the key challenges facing the sector and will initially focus on costs to business, skills and lifelong learning, employment protection, consumer protection, the circular economy and the Industrial Strategy. The priority areas were selected by the industry and each workstream will be led by a senior industry figure.

¹ HM Government, [Industrial Strategy: Building a Britain fit for the future](#), November 2017, 171

² Department for Business Enterprise and Industrial Strategy Select Committee, [Industrial Strategy: Sector Deals](#), March 2019, p25

³ HM Government, [Press release: Retail Sector Council](#), 7 March 2018

⁴ [PO 209772: Retail Sector Council](#), 17 January 2019

2. High streets policy

The government's policy on the retail sector is closely related to the [government's policy to support high streets](#).

In the 2018 Budget speech, the Chancellor said that

... the High Street lies at the heart of many communities. And it is under pressure as never before as Britain adopts online shopping with greater alacrity than any other large economy. So, if Britain's High Streets are to remain at the centre of our community life, they will need to adapt.

The government announced a new policy to address this issue, the **Future High Streets Fund** which is outlined in a [policy paper published alongside the Budget](#).

Importantly, the Fund will only make awards in cases where local areas have shown how they expect high streets to adapt to the changing retail environment. **The Fund will not make awards to local areas seeking to "expand traditional retail on their high streets"**.

The majority of the Fund (around 90%) will be used to fund capital projects such as:

- Improving transport access to town centres
- Improving vehicle and pedestrian flow in town centres
- Congestion relieving infrastructure
- Infrastructure to facilitate new housing and office space
- Projects that seek to substitute under-used and persistently vacant retail units into residential units.

The remainder of the Fund will assist local areas to produce long-term strategies for their high streets, and will fund a new High Streets Taskforce that will provide expertise and practical support to the successful bids.

The government published a [call for proposals](#) for the fund on 26 December 2018.

The [prospectus for the Fund](#) (published alongside the call for proposals) explains which places are eligible, the application process, and how decisions will be made.

Detailed guidance on completing the [application form](#) is available from the Ministry of Housing, Communities and Local Government: [Supplementary guidance for bidding authorities](#).

There is a two stage application process: phase 1 is based on the application form above, phase 2 will be based on submitted businesses cases.

Phase 1 closed on 22 March 2019. Those bids that are successful in Phase 1 will be announced in Summer 2019 and will be invited to submit an application form for Phase 2.

Details of the criteria for shortlisting in phase 1 and the awards in phase 2 are on pages 14 and 15 of the [Supplementary guidance](#).

3. Background reading

3.1 Library briefing papers

[Last orders? The decline of pubs around the UK](#), Niamh Foley, House of Commons Library Insight, 2 July 2019

[Pub Statistics](#), CBP-8591, Niamh Foley, 26 June 2019

[Retail sales: Key Economic Indicators](#), SN02818, Chris Rhodes, 20 June 2019

[Non-Domestic Rating \(Lists\) Bill 2017-19](#), CBP-8595, Mark Sandford, 14 June 2019

[Planning: change of use](#), SN01301, Gabrielle Garton Grimwood and Cassie Barton, 9 May 2019

[Business rates](#), SN06247, Mark Sandford, 19 December 2018

[Budget 2018: The retail sector](#), Chris Rhodes, House of Commons Library Insight, 1 November 2018

[Retail sector in the UK](#), SN06186, Chris Rhodes, 29 October 2018

[Bank branch closures](#), SN00385, Tim Edmonds and Marguerite Page, 19 October 2018

[Future of High Streets](#), Commons Debate Pack, CDP-2016-0051, 25 February 2016

3.2 Government policy papers

[Open Doors Pilot: Invitation to landlords to take part](#), Ministry of Housing, Communities & Local Government, November 2018

[Our Plan for the high street: Budget 2018 brief](#), HM Treasury, 29 October 2018

[Planning Reform: Supporting the high street and increasing the delivery of new homes](#), Ministry of Housing, Communities & Local Government, October 2018

[The High Street Report](#), Ministry of Housing, Communities and Local Government, 20 December 2018

This report contains the recommendations of the High Streets Expert Panel, chaired by Sir John Timpson, which was established by the High Streets Minister Jake Berry MP in July 2018.

[High Street 2030: Achieving Change](#), Institute of Place Management commissioned by Ministry of Housing, Communities and Local Government, 20 December 2018

4. Press

4.1 Press articles

[Report reveals tipping point for online retail - to reach 53% by 2028](#), Womble Bond Dickinson and Retail Economics, 8 July 2019

[England's high streets to be revitalised with help from new government task force](#), Fiona Briggs, Retail Times, 2 July 2019

[The care home that built a replica High Street](#), Catrin Nye, BBC News, 24 June 2019

[Jeremy Hunt pledges to save high street with business rates cut](#), Harry Yorke, The Telegraph, 22 June 2019

[Death of the high street weighs on landlords round the world](#), Judith Evans, Financial Times, 21 June 2019

[Ghost towns: how Britain's fading high streets kill local communities](#), Hephzibah Anderson, Prospect, 13 June 2019

[Sir John Timpson slams Amazon for 'predatory trading'](#), Robin Pagnamenta, The Telegraph, 10 June 2019

[High street visits hit six-year low as Brexit uncertainty deters shoppers](#), Zoe Wood, The Guardian, 10 June 2019

[Sadiq Khan acts to boost London high streets creating a 24-hour city](#), Hospitality & Catering News, 7 June 2019

[High street retail jobs fall in every region except London](#), Josie Clarke, The Independent, 6 June 2019

[Thousands of UK shops left empty as high street crisis deepens](#), Sarah Butler, The Guardian, 2 May 2019

[Rethinking the high street: how can councils revive ailing town centres?](#) Jessica Hill, Local Government Chronicle, 12 April 2019

[The Future of Retail edition](#), The Retailer, Spring 2019

[UK High Streets 'have twice as many shops as needed'](#), BBC News, 20 December 2018

[The solution for our ailing high streets? Local shops for local people](#), Prof Phil Hubbard, The Independent, 21 December 2018

[Converting shops into houses is not the panacea for struggling high streets](#), Rebecca McDonald, Centre for Cities, 26 October 2018

[The mystery of commercial rents: boom or bust?](#) Judith Evans, Financial Times, 7 September 2018

4.2 Press releases

[Multi-million fund to revitalise country's high streets](#), Ministry of Housing, Communities & Local Government, 5 July 2019

[New Task Force to help revitalise high streets and town centres](#), Ministry of Housing, Communities & Local Government, 2 July 2019

[Funding boost for high streets and town centres](#), Ministry of Housing, Communities & Local Government, 1 July 2019

[Businesses to pay rates bills that better reflect current property values](#), Ministry of Housing, Communities & Local Government, 12 June 2019

[High Street Perfect Day makes debut](#), Ministry of Housing, Communities & Local Government, 17 May 2019

[Vacancy rate rises to highest in four years](#), British Retail Consortium, 13 May 2019

[£9.75 million to clean our high streets](#), Ministry of Housing, Communities & Local Government, 16 March 2019

[More funding to help town centres and high streets thrive](#), Ministry of Housing, Communities & Local Government, 24 January 2019

[Timpson says a locally-driven approach needed to rejuvenate high streets](#), Ministry of Housing, Communities & Local Government and Jake Berry MP, 20 December 2018

5. Parliamentary material

5.1 Parliamentary reports

[High streets and town centres in 2030](#), Report Summary following [Inquiry](#), Housing, Communities and Local Government Committee, 21 February 2019

[High streets and town centres in 2030: response to the Select Committee report](#): A response by the government to the Housing, Communities and Local Government Committee's 11th report of session 2017 to 2019 on high streets and town centres in 2030, Ministry of Housing, Communities & Local Government, 7 May 2019

5.2 Parliamentary questions

[High Street Bank Closures](#), 2 July 2019, Vol 662 c1051-2

[Empty Property: Shops](#), 4 June 2019, WPQ 259854

[Topical questions](#), 21 May 2019, Vol 660 c611

Peter Aldous (Waveney) (Con)

Will my right hon. Friend the Chancellor consider changing the method of assessing a property's rateable value, so that all shops on the high street pay business rates that reflect their profitability and trading potential, putting them on a level playing field with their out-of-town and online competitors?

Mr Philip Hammond

I understand my hon. Friend's wish to ensure the vibrancy of the high street, which is going through a very difficult period. Owing to the way in which the business rate system works, relieving the burden on any part of the system means imposing it somewhere else, so we would have to look carefully at that, but I will take my hon. Friend's representation as a serious proposal and consider it.

[Supporting the High Street](#), 21 May 2019, Vol 660 c602-3

Philip Dunne (Ludlow) (Con)

What fiscal steps he is taking to support the high street. [911009]

The Chancellor of the Exchequer (Mr Philip Hammond)

High streets are at the heart of our communities, and they serve a social as well as an economic purpose. To support them, at Budget 2018 I cut business rates for small and medium-sized retail premises operated by independent retailers by a third for two years from April 2019, saving businesses over £1 billion. We have also set up a £675 million future high streets fund.

[Community Development: Urban Areas](#): Written question – 254777, Asked by Andrew Gwynne on 15 May 2019, answered by James Brokenshire on 20 May 2019

[Empty Property: Urban Areas](#): Written question - 253694

Hugh Gaffney (Coatbridge, Chryston and Bellshill) (Lab) 13 May 2019

To ask the Secretary of State for Housing, Communities and Local Government, what recent assessment he has made of the trends in the level of vacancy rates in town centre business properties.

Jake Berry (BEIS) 20 May 2019

Town centres and high streets are a crucial part of our communities and the Government is determined to see these areas thriving, both now and in the future.

The Department receives vacancy rate data on retail units from the Local Data Company which has enabled the Department to monitor the change in these vacancy rates over time at a national level. The data demonstrates that retail vacancy rates peaked at 14.6 per cent in August 2012. Although there have been fluctuations in the rate, it has not reached this high point since and current figures show this rate is at 12.9 per cent in May 2019.

At Autumn budget we set out 'Our Plan for the High Street' to support the sustainable transformation of high streets, including a £675 million Future High Streets Fund, a High Streets Task Force and measures on business rates and planning. We also launched a pilot of our Open Doors project in November 2018, which brings empty properties back into use by linking landlords of vacant units with community groups looking for space.

5.3 Early Day Motions

[Value of the Hair and Beauty sector to the UK economy](#)

EDM 2412, tabled 21 May 2019 by John McNally MP

[Prestwick runner-up in Great British High Street awards](#)

EDM 1928, tabled 12 December 2018 by Dr Philippa Whitford

[Save our Post Office National Day of Action](#)

EDM 1891, tabled 29 November 2018 by Hugh Gaffney MP

5.4 Debates

[High Streets and Town Centres in 2030](#)

HC Deb Vol 661 c397 – 418

[Local Bank Closures](#)

HC Deb Vol 661 c347- 71WH

[Industrial Strategy: North-East of England](#), 5 June 2019, C 90WH

Liz Twist:

The retail sector provides nearly a quarter of the jobs in my constituency. We know that the retail sector, high streets and shopping

malls are going through a tough time, so we need a retail strategy. That is one of the weaknesses of the Government's national industrial strategy. We need a greater emphasis on retail, because it is such a significant part of our economy. We need a proper strategy to deal with the problems on the high street. The Government need look no further than the excellent report on the future of the high street that the Housing, Communities and Local Government Committee produced earlier this year. We must also address the wider problems in retail and issues relating to pay, skills and retail sector workers' personal development and training, so that they are able to develop, enhance their skills, improve the services they provide and add value to the sector.

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