



DEBATE PACK

Number CDP 2020/0169, 9 December 2020

The Future of the High Street

By Philip Brien, Georgina Hutton, Matthew Ward

Summary

There will be a general debate on the Future of the High Street on Thursday 10th December. This briefing contains background information, parliamentary and press material, as well as suggested further reading which Members may find useful when preparing for this debate.

Contents

1. Background	2
1.1 High streets	2
1.2 Trends in the retail industry	3
1.3 Support for the high street and town centres	4
Future High Streets Fund	4
Stronger Towns Fund	5
High Street Task Force	5
High Streets Heritage Action Zones	5
2. Press Articles	6
3. Parliamentary material	8
3.1 Debates	8
3.2 Oral questions	8
3.3 Written questions	9
3.4 Written Ministerial Statements	10
3.5 Select Committee reports	11

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. Background

The ongoing Covid-19 pandemic has resulted in increased pressures for high streets, as seen in the recent collapses of Debenhams and Arcadia. High street retail had already been under pressure from the rise in online shopping, and high streets had been seeing higher vacancies as businesses moved to retail parks.

The Library published material for a previous [debate pack on the future of high streets](#) in February 2016, and has also produced briefings on the [Future High Streets Fund](#) and [the retail industry in general](#).

1.1 High streets

[According to the Office for National Statistics](#), in 2018 there were around 4.4 million people employed on high streets in Great Britain, representing 14% of all employment. Of this:

- about 22% was employment in retail;
- accommodation and food services made up 15%;
- health, education and public administration accounted for 13%;
- other service industries made up 40%, with other industries accounting for the remaining 9%.

The share of industries varied by region, with retail's share of employment ranging from 15% in London to 29% in the North East.¹

The Local Data Company reported in July that 12.4% of retail sites on high streets in Great Britain were vacant in the second quarter of 2020, up slightly from 12.3% in the previous quarter and in line with the overall trend across the retail sector. This vacancy rate was slightly better than that seen in shopping centres (14.3%), but worse than in retail parks (8.3%).²

In February 2019, the Housing, Communities and Local Government Committee identified online shopping as the main structural change to people's shopping habits that has caused the decline in the high street, building on earlier moves by retailers to shops that were both larger and further away from high streets. They also pointed out four systemic issues that were preventing the high street from successfully adapting to these pressures:

- Too much retail space, both within high streets and in terms of the size of some individual shops;
- Fragmented ownership, where so many people own different parts of the high street that coming up with a cohesive response to pressures becomes too difficult;
- High fixed costs of business rates and rent; and

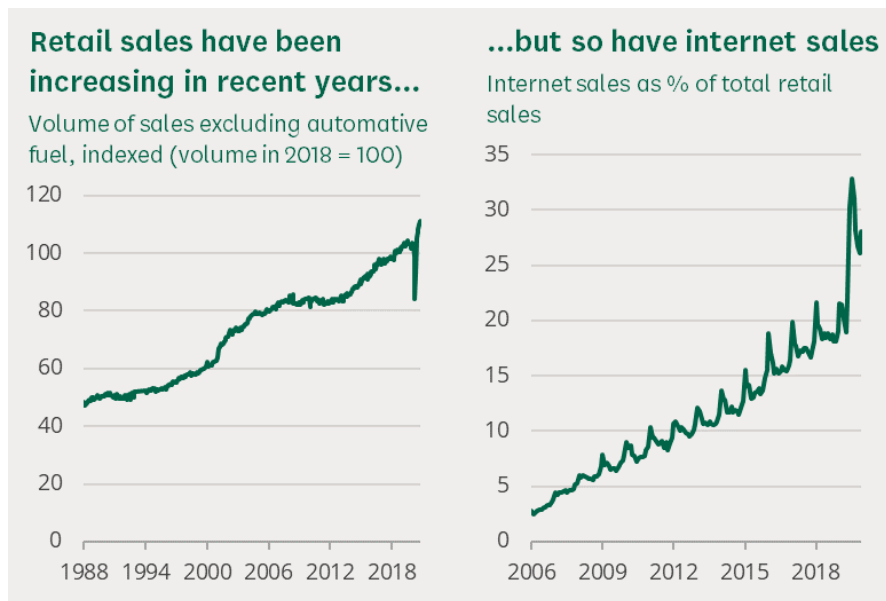
¹ ONS, [High streets in Great Britain: March, 2020](#), 10 August 2020

² Local Data Company, [Pandemic begins to push up vacancy rates](#), 31 July 2020

- High and inflexible rates of taxation that do not affect online retailers in the same way.³

On 3 December MHCLG launched a [consultation](#) on change of use permitted development rights that attempts to address some of these issues by giving businesses greater flexibility “to respond rapidly to changing market demands”. For information about broader proposed planning reforms, see the Library briefing paper [Planning for the Future: planning policy changes in England in 2020 and future reforms](#) (8 October 2020).

1.2 Trends in the retail industry



Source: ONS, series [J467](#) and [J4MC](#), retrieved 8 December 2020

Retail sales as a whole had been increasing fairly steadily for a number of years prior to the pandemic, despite flattening out after the financial crisis. However, online sales made up an increasingly large percentage of these sales, adding to the pressures on the high street that were already being caused by the move to larger shopping centres and retail parks. As the chart above shows, the Covid-19 pandemic then had opposite impacts on these two statistics – retail sales dropped dramatically, while the proportion of those sales happening online saw a similarly large increase.

Although both trends have started to return to normal as lockdown restrictions are eased, this added pressure has been too much for some high street businesses. In addition to those going into administration, some companies have been cutting jobs and closing some of their premises – for example, Boots and John Lewis both closed a number of stores in July.⁴

³ Housing, Communities and Local Government Committee, [High streets and town centres in 2030](#), 21 February 2019

⁴ Financial Times, [Boots and John Lewis to cut 5,300 jobs and shut stores](#), 9 July 2020; see also the Guardian’s [coronavirus job losses tracker](#).

The recovery in the retail sector has also not been consistent across different types of shops. [Figure 2 of the most recent ONS Retail Sales bulletin](#) shows that food stores maintained a steady level of sales throughout the pandemic and several other types of shop were largely back to normal by the summer; clothing stores, however, were still well below their pre-lockdown level in October, and their sales volumes had not increased since September.

1.3 Support for the high street and town centres

In [a speech in July](#), the Prime Minister spoke of a “£3.6 billion Towns Fund” – this refers jointly to the Future High Streets Fund and the Stronger Towns Fund. The Future High Streets Fund was initially announced in November 2018, with funding of £675 million; the Stronger Towns Fund was initially announced in March 2019, with funding of £1.6 billion.

An extra £1 billion was announced for the Stronger Towns Fund and an extra £325 million for the Future High Streets Fund, bringing their total joint value to £3.6 billion.

Future High Streets Fund

The Future High Streets Fund was first announced [the 2018 Budget](#), with the then Chancellor stating “if Britain’s High Streets are to remain at the centre of our community life, they will need to adapt.”

A new policy was announced to address this issue – the Future High Streets Fund, outlined in a [policy paper published alongside the Budget](#). The Budget also included a one-third reduction of business rates for retail premises up to a rateable value of £51,000 in 2019/20 and 2020/21.

The Future High Streets Fund was initially worth £675 million, with funding awarded on the basis of a competitive bidding process, with local areas invited to submit proposals setting out the “overall vision” of how they will transform their town centres and high streets. Bids are assessed according to value for money, deliverability, fit with the overall aims of the Fund and the areas’ ability to co-fund their proposals with the private sector. Each successful area will receive an award of around £25 million.

The Fund will not make awards to local areas seeking to expand traditional retail on their high streets. The Fund will mostly 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.

On [5th July 2019](#), the government announced that 50 bids would be “progressing to the business case development phase” and would receive up to £150,000 to “work up detailed project proposals based on their initial plans.” A list of these 50 successful areas have been published by the [Ministry of Housing, Communities & Local Government](#).

On 26th August, it was announced [a further 50 towns would receive help](#) from the fund. A further competitive bidding round is planned.

Stronger Towns Fund

The Stronger Towns Fund was first announced by the then Prime Minister Theresa May in March 2019 to aid those areas that had not “shared the proceeds of growth.”

Initially, £1.6 billion in funding was announced, with £1 billion to be awarded on a needs-based formula and £600 million available via a competitive bidding process (see Ministry of Housing, Communities & Local Government, [Stronger Towns Fund](#), 4 March 2019).

In September 2019, the government announced a list 100 towns in England that been invited to bid for up to £25 million each – a [full list of these 100 towns](#) is available online.

A written question states these 100 towns were chosen on the basis of “various qualitative and quantitative indicators... These included income deprivation, skills, productivity, EU exit exposure, economic shocks, investment opportunities, and policy alignment” (see Ministry of Housing, Communities & Local Government, [Towns Fund: Written question – 292121](#), 3 October 2019).

£241 million of the Towns Fund will be available during the 2020-21 in the Spending Round; overall the fund will run from 2020 to 2026.

High Street Task Force

The High Streets Task Force was launched on 2 July 2019. The group’s role is to support the towns shortlisted in the Future High Streets Fund Competition through the process of drawing up plans for redevelopment.

High Streets Heritage Action Zones

Part of the Future High Streets Fund has been reserved to support high streets in conservations areas. The High Streets Heritage Action Zones Fund is open to applications from high streets within conservations zones and is administered by Historic England. Successful applicants will demonstrate that the funds will be used to improve the physical realm around the high street, and support activities that encourage people to engage with heritage.

2. Press Articles

[England's lockdown puts brakes on retail sales growth: Consumer sector shows much more resilience than during the spring, BRC data shows](#)

Valentina Romei

Financial Times, 8 December 2020

[What will happen to closed High Street shops?](#)

Howard Mustoe

BBC, 6 December 2020

[Don't save the high street – change it completely, says retail guru Mary Portas: The pandemic has accelerated huge shifts in the way people shop. Now firms and government will have to wake up and innovate](#)

Nosheen Iqbal

The Observer, 6 December 2020

[Busy high streets after lockdown prompt Covid fears but numbers still down: Packed scenes in Nottingham force Christmas market to close, but visitors to malls were down 38% on the year](#)

Clea Skopeliti and Gwyn Topham

The Observer, 6 December 2020

[Debt before dishonour on Britain's high street: Leveraged takeovers are a recurring theme behind the collapse of big-name shops](#)

Ashely Armstrong

The Times, 5 December 2020

[The high street is doomed? Tell that to the people queuing outside Primark: We are rediscovering shopping as a social activity under Covid restrictions – but only the government can give retail a chance](#)

Gaby Hinsliff

The Guardian, 4 December 2020

[The fates of Arcadia and Debenhams point to retail's huge problem](#)

The Economist, 3 December 2020

[Crisis in retail: the UK town centres struggling to survive: With the collapse of Debenhams and Arcadia creating more empty stores, many urban centres need a new purpose](#)

Jonathan Eley and George Hammond

Financial Times, 4 December 2020

[Debenhams liquidation compounds crisis in UK high street: Store chain will wind down operations next year, putting 12,000 jobs at risk, after JD Sports abandons rescue](#)

Jonathan Eley

Financial Times, 1 December 2020

[Arcadia and the shakeout on the high street: Pandemic is bringing about in months what might otherwise have taken years](#)

Financial Times, 30 November 2020

[UK retailers face biggest test as Christmas goes online: Industry has spent millions expanding website capacity as Covid shuts shops at busiest time](#)

Jonathan Eley, Michael Pooler and Tim Bradshaw

Financial Times, 15 November 2020

[Stores might never reopen if lockdown is extended, warn high street bosses](#)

Ashely Armstrong

The Times, 14 November 2020

[WH Smith to shut 25 high street stores after it reports £280m loss: Retailer says nearly 200 jobs will be affected as coronavirus pandemic hits sales](#)

Sarah Butler

The Guardian, 12 November 2020

3. Parliamentary material

3.1 Debates

[Retail Strategy](#)

HC Deb 10 Jul 2019, c 153WH – 176WH

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

HC Deb 13 Jun 2019, c 398WH – 418WH

3.2 Oral questions

[Arcadia and Debenhams: Business Support and Job Retention](#)

HC Deb 2 Dec, c 313-30

[Towns Fund](#)

HC Deb 18 Nov, c 345-360

[Town Regeneration](#)

HC Deb 16 Nov, c 7-8

[Covid-19: Financial Support for High Street Retailers](#)

HL Deb 27 Oct, c 127-30

[Town Centre Investment](#)

HC Deb 20 Jul, c 1814-15

[Covid-19: High Street Retailers](#)

HL Deb 2 Jul, c 795-97

[Covid-19: High Street Businesses](#)

HC Deb 16 Jun, c 632

[High Streets](#)

HC Deb 13 Jan, c 742-45

3.3 Written questions

[Future High Streets Fund: Question for Ministry of Housing, Communities and Local Government: UIN HL8548](#)

Asked by Lord Rose of Monewden

Asked on 28 September 2020

To ask Her Majesty's Government what plans they have (1) to provide additional resources to the Future High Streets Fund, and (2) to increase the current cap of £25 million per applicant to this fund.

Answered by Lord Greenhalgh

Answered on 12 October 2020

The £1 billion Future High Streets Fund forms a central pillar of our £3.6 billion Towns Fund Programme. A competitive round of the High Streets Fund is underway currently. The parameters of this competition have been agreed and set out in the published Future High Streets Fund Prospectus, and subsequent local authority guidance. A further competitive round of funding for towns and high streets is planned to follow. Details of that further competition will be published in due course.

[Future High Streets Fund and Towns Fund: Coronavirus: Question for Ministry of Housing, Communities and Local Government: UIN 70326](#)

Asked by Jon Trickett

Asked on 7 July 2020

To ask the Secretary of State for Housing, Communities and Local Government, what support will be made available to councils shortlisted for the Future High Street Fund and Towns Fund who need to meet the match-funding requirements but who have incurred additional financial costs as a result of the covid-19 outbreak.

Answered by Mr Simon Clarke

Answered on 14 July 2020

A core ambition of both the Towns Fund and Future High Streets Fund (FHSF) is to leverage further investment and co-funding from a range of public and private sector partners. Whilst we have been clear in our guidance that there is no minimum threshold for this, co-funding will form part of our overall assessment of Town Investment Plans (TIPs) and FHSF business cases. We know, however, that COVID-19 impacts may prevent certain challenges and we will allow places to communicate how plans, including co-funding, might have been impacted.

3.4 Written Ministerial Statements

[Retail Update: HCWS609](#)

Made by Robert Jenrick, 30 November 2020

I wish to update the House on relaxing local restrictions to enable retail opening hours to be extended in England for Christmas.

On Monday 23 November, the Government published its Covid Winter Plan which will see the return to a regional tier approach to restrictions in England from 2 December. In all tiers, shops will be allowed to reopen, giving people the opportunity to shop for gifts for family and friends in the run up to Christmas. The Government recognises the efforts and investment that retailers have made to ensure their premises are Covid-Secure; this has been reflected by the fact that the best available Public Health England and NHS Track and Trace data shows there is at present no evidence of significant increased risk of virus transmission in retail premises. Government asked non-essential retailers to close as part of wider restrictions to limit social mixing in November, once those restrictions have been lifted consumers and retail staff can have confidence to return to our high streets.

We have been working closely with senior representatives from the retail sector, local authorities, the Department for Business, Energy and Industrial Strategy and Public Health England to plan for a safe and successful reopening of non-essential retail on 2 December. To ensure the reopening of shops is safe and in line with social distancing rules given the high volume of shoppers expected before Christmas and the subsequent sales in January, the Government wants to see retailers given the option to extend their daily opening hours from Monday to Saturday. This will help to spread footfall, ease transport pressures and make shopping in a socially distanced way easier by giving shoppers greater flexibility to choose when they shop and avoid peak times.

Restrictions on shop opening hours on weekday and Saturdays were removed by section 23 of the Deregulation and Contracting Out Act 1994. However, many retailers are subject to local controls through planning conditions which restrict opening times, particularly in the early morning, evening and at night, to make the development acceptable to local residents who might otherwise suffer from noise and other local amenity issues.

Given the exceptional circumstances as a result of the coronavirus, the purpose of this Written Ministerial Statement, which comes into effect from 2 December, is to make clear that, as a matter of urgency, local planning authorities should take a positive approach to their engagement with retailers to ensure planning controls are not a barrier to the temporary extension of retail opening times in December and January.

In particular, local planning authorities, having regard to their legal obligations, should not seek to undertake planning enforcement action which would result in the unnecessary restriction of retail hours during this period. The National Planning Policy Framework already emphasises

that planning enforcement is a discretionary activity, and local planning authorities should act proportionately in responding to suspected breaches of planning control.

Where appropriate, local planning authorities should also highlight this temporary relaxation to retailers in their area so that they can take advantage of longer opening hours if they wish to do so.

The Government recognises that longer retail opening hours could have a temporary impact on local residents, but this needs to be balanced by the significant public interest in ensuring there is a safe retail environment during this busy period; in helping local residents undertake Christmas shopping given many shops have been closed over the last month; and in supporting the commercial viability of local shops in England's high streets and town centres during this challenging period.

This Written Ministerial Statement also confirms that my previous statement to the House of 13 March 2020 about planning enforcement and the delivery of food and other essential goods to retailers during the coronavirus pandemic will remain in place until 31 March 2021 because continued flexibility is necessary to ensure access to food and essential goods in light of ongoing impacts of coronavirus. The statement made on 13 March 2020 is withdrawn with effect from the beginning of 1 April 2021, unless circumstances justify its further extension, in which case a further statement would be made to the House.

3.5 Select Committee reports

The Housing, Communities and Local Government Committee Select Committee are currently undertaking an inquiry on [Supporting our high streets after COVID-19](#) – an [oral evidence session was held on 2 November](#).

House of Commons Treasury Committee published [Impact of business rates on business](#) in October 2019; the [Government response was published in February 2020](#)

The House of Commons, Housing, Communities and Local Government Committee published [High streets and town centres in 2030](#) in February 2019; the [Government response was published in May 2019](#)

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).