



Written evidence from Centre for Cities

High streets and town centres in 2030

Introduction

Centre for Cities is dedicated to improving the economic performance of UK cities. We analyse data on the [63 largest urban areas](#), including some that are not traditionally called cities such as Mansfield, Ipswich and Worthing. City centres play a big role in these places and in the lives of people who live there. They are places where people work, shop, eat, drink and live. While we develop our recommendations looking at this specific set of cities, many smaller urban centres of both employment and leisure activity are likely to benefit from them.

We welcome this timely inquiry and we would be very happy to give oral evidence to the committee on this important issue if that would help inform your investigation and recommendations.

High streets are barometers of local economies more widely

High streets are made up of businesses that serve their local market, which includes independent shops, chain stores, restaurants, hairdressers and services like solicitors. So when we talk about the state of our high streets, we tend to be talking about the visible health of this wide range of local service businesses that cluster in the centre of cities. But our urban centres consist of more than this.

The local services on high streets depend on demand in the local economy, which in city centres is increasingly driven by the incomes of local people employed in highly skilled jobs in business sectors like communications, marketing, digital and technology, consulting and financial services. These types of firms that sell beyond their local market to the rest of their region, nationally and internationally, are referred to as 'exporting businesses'.

These businesses also prefer to locate in vibrant city centres, which are more likely to have good transport and digital infrastructure, strong business networks, and many skilled workers within commuting distance. As firms of this type cluster in dense urban cores, nearby high street services benefit from footfall across the city centre – whether for food, drinks or shopping, during and after work.

So, rather than driving local growth themselves, high street services reflect broader economic activity driven by exporters located in their city centres. Past attempts to support high streets, such as the Portas Pilots, have therefore focused on the wrong aspect of the local economy. Rather, the best way to create resilient town and city centres with strong demand for local services is to encourage growth in high skilled exporting businesses.

Empty shops and office blocks

As well as empty shops, a number of other factors offer insight into the health of a local economy. Recent research from the Centre for Cities on the types of commercial property available in urban centres has shown that the proportion of office, retail and other commercial space varies in different cities, and clear patterns emerge in relation to how strong the local economy is more generally.

Overall, a quarter of commercial space in city centres is retail, while 50 per cent is offices. However, weaker city centres, such as Blackpool and Newport, have much more retail as a share of their commercial space than those with stronger economies such as Manchester and Leeds (source: Valuation Office Agency (VOA)).

In city centres with a relatively large high-skilled business services sector such as London and Bristol, only 18 per cent of space is dedicated to retail, while 63 per cent is offices. In city centres with fewer of these types of jobs such as Sunderland and Portsmouth, 42 per cent is retail and just 24 per cent is offices (source: VOA).

These figures reflect the balance of commercial property that stronger urban economies can offer firms. They tend to have more high-quality office space, supporting high skilled businesses alongside a proportion of retail space, as well as leisure space such as cafes and restaurants, that serves the needs of workers and residents. This also means they tend to have fewer vacant shops.

Vacant shops are much more likely to dominate in weaker cities with fewer exporting businesses, which also have proportionately more retail space in their city centre and fewer high quality offices. Once again, both the lack of quality office space, and fewer people working in and around the city centre to create a demand for high street shops and restaurants, becomes visible in the life of the high street.

Looking at data for 58 city centres in England and Wales, we see that the proportion of high street space (retail and other services such as leisure, food and drink) that is vacant is generally between around 10 per cent and around 20 per cent (source Local Data Company). Leeds has a lower high street vacancy rate of 14 per cent. Its centre has more office space (52 per cent) than retail space (21 per cent) and around a third of these offices are of high quality. In Doncaster, the vacancy rate is higher at 18 per cent. Its centre is 39 per cent retail and 19 per cent offices of which 12 per cent are considered to be high quality (sources: Local Data Company, Non-Domestic Energy Performance Register and VOA).

4. Reviving and sustaining our high streets

Just as there is no national high street, there can be no single one-size-fits-all policy response. City centres with more exporting businesses such as Milton Keynes and Oxford will be better placed to weather the storm and adapt, while those with fewer exporting firms such as Peterborough and Derby will be more vulnerable. But for many places, any hope of reviving high streets through the creation of high-value economic activity will be a long way off, because of wider and more fundamental economic challenges – such as educational attainment and skills levels. That is why policy to support high street services should come from policy to support the local economy more broadly whether through local industrial strategies, local economic development plans or local planning decisions.

Reviving weaker cities

For weaker cities, policy will need to respond to both physical needs, and the needs of communities, and it must be acknowledged that change can only happen over the longer term:

1. Skills and the future of the economy: there are strong links between dying high streets and low skills levels. Productive, high knowledge firms locate in cities with many highly skilled people. Any government seeking to spur on high streets will need to acknowledge that they are a barometer of more fundamental issues.

As the economy develops and as more jobs are automated, these challenges will become more pronounced. Making headway through the industrial strategy into improving skills and ensuring more people are equipped for a high knowledge service economy, across more cities, will be fundamental to the country's economic success in future.

2. Planning for the future: while any firm will need access to skilled workers, supporting cities to create the right environment for those firms is important. Weak city centres with fewer exporting businesses also have a lack of good quality office space. Any reform of business rates to help the high street should encourage more office development in city centres.

Similarly, repurposing or refitting low-quality office space to create visible investment opportunities, could spur on activity. For these places, it may be justified for cities to lead construction of new high-quality space in their urban core. Given the previous role of EU funding, the Government should clarify if its Shared Prosperity Fund would be available to finance future schemes.

Similarly, cities should have access to the National Productivity Investment Fund to support interventions in their centres that will help support the location and growth of high-skill business, which help to grow national productivity and to support local services.

3. Improving the public realm: in the meantime, the high street does not live or die by its retail offer, and as shown in stronger places, there has been a shift towards restaurants and cafes in high streets, rather than shops. Weaker cities with fewer exporting businesses lack the kind of demand from locals that a restaurant might need, but cities should be supported to revive their centres and empty space with different amenities to attract footfall, whether libraries, leisure centres, playgrounds or parkland.

Sustaining strong cities

While stronger cities have succeeded in keeping their high streets vibrant, policy will need to acknowledge their specific challenges and needs:

Demand for space: these cities, such as Reading and Crawley, have high demand for high value city centre land for residential and commercial activity alike. Recent policy such as Permitted Development Rights (PDR) which has allowed developers to convert offices to homes (but not the other way round) without any involvement from local planners has had an adverse effect on commercial activity, which could put the local economy at risk in the future.

While cities will want to provide housing to suit local needs as well, they will need to maintain a level of control over planning. We recommend all cities are given the option to create exemption zones where competition for land is at its fiercest.

Public transport networks: all cities need adequate public transport in place, currently vibrant city centres will lose out to bad air quality and congestion. Cities need to be equipped with the tools and funding to develop well-run public transport systems to link people to the jobs and shops that high streets and city centres can offer. At the national scale, policy should offer an adequate framework for places to deliver the right transport systems for their commuters and communities.

A planning framework that has cities at its centre

In the same way that high street businesses depend on the health of their local city economy and particularly exporting firms, national economic health depends on the vibrancy and productivity of UK cities. That means decisions about how land is used locally can have implications for both the high street and UK GDP. That is why we believe the National Planning Policy Framework (NPPF) should include a specific section of guidance for urban areas on how planning can assist economic growth in cities by, for example, making sure that high knowledge businesses have the space they need in city centres.

The largest cities with devolved institutions should have full control over their planning policy. That means the Government should devolve spatial powers to those metro mayors that do not have them already (Sheffield City Region, Tees Valley, West Midlands, and the forthcoming North of Tyne authority). At the same time, the NPPF needs to acknowledge the changes in the way cities are run since it was last finalised in 2012 and make clear that metro mayors have full control over planning in their areas.

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About Centre for Cities

Centre for Cities is a research and policy institute, dedicated to improving the economic success of UK cities.

We are a charity that works with cities, business and Whitehall to develop and implement policy that supports the performance of urban economies. We do this through impartial research and knowledge exchange.

For more information, please visit www.centreforcities.org/about

Partnerships

Centre for Cities is always keen to work in partnership with like-minded organisations who share our commitment to helping cities to thrive, and supporting policy makers to achieve that aim.

As a registered charity (no. 1119841) we rely on external support to deliver our programme of quality research and events.

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