

The vanishing high street: the Grimsey Review

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Summary

The last three years have seen various strands of work, by Government, local authorities and civil society to draw together policies and measures to help preserve and rejuvenate high streets and town centres, notably activity stemming from [Mary Portas' Government-commissioned review in 2011](#). In September 2013, former Wickes and Iceland Chief Executive Bill Grimsey released a [rival review](#), put together by an expert team and explicitly set up as an alternative to Portas' work, which Grimsey criticised. This briefing summarises the main points of Grimsey's review and briefly discusses its context, reception and likely future.

This briefing is relevant to councillors and officers across all areas and all tiers of local government, particularly those involved with planning and economic development.

Briefing in full

A key success of [Mary Portas' review of high streets](#) in 2011 was to raise the profile of the debate on what ails Britain's high streets and town centres – and, more divisively on the best course of action to cure them or ease their passing. The Government recently published a [progress update](#) on its actions, and those of the Town Teams suggested by Portas. Portas herself and Grimsey have both been critical of varying extents of the progress made to date, and Portas has alluded, in evidence to the [Communities and Local Government Committee](#), to her belief that the Government's acceptance of the majority of her recommendations would herald more tangible action. Grimsey notes that 'no less than eight major national household retail names have gone into administration since the publication of the review in less than two years. None of this was forecast in the [Portas] review although it was clear to anyone with insight into the retail industry.'

As well as providing a concise account of the backdrop of changing consumer trends, Grimsey attributes the continuing decline of the high street to a lack of clear targets and success measures in initiatives such as the Portas Pilots; the need for a strong, coherent plan and management approach to address town centre issues holistically and channel the enthusiasm of small business and civil society; and a

failure on the part of Government to address the financial challenges facing small businesses in particular in a substantive way. His alternative sets out some overall principles:

- Overall, high streets must embrace a mixed-use vision involving housing, public services, work spaces and social and cultural provision – there will be less retail and what remains must be integrated far better with internet-driven technology
- There are areas where government action is essential, such as on reforming business rates
- Local authorities should lead on establishing town centre commissions to devise long-term, holistic business plans for their town centres, driven by accurate local and national intelligence and linking to planning policy, investment strategy, transport, digital offer and marketing

Key trends: retail

Grimsey draws on consistently high retail vacancy rates (notwithstanding a small recent shift towards high street locations largely driven by independent stores) to conclude that there is simply an oversupply of retail, identifying some key trends:

- There are more physical alternatives to conventional town centre shopping including out of town centres and retail parks and, increasingly, retail offers around transport hubs such as train stations and airports; at St Pancras High Speed 1 station, over a fifth of concourse users are not travelling anywhere but simply accessing the retail offer.
- This is compounded by the public's willingness and ability - through a continuing rise in car ownership - to travel further to larger shopping centres. In turn, larger catchments for popular centres and anchor stores such as John Lewis mean that retail entry and expansion strategies now rely on fewer, larger stores, being able to cover the UK population with around 80 stores rather than around 300.
- Online and mobile shopping has grown in importance across food and comparison goods, typically accounting for between 10 and 30 per cent and rising of a company's sales (John Lewis is a benchmark at 25 per cent) and aided by trends including growing social media use by brands and individuals, the increasing availability of credit online, sole traders increasingly turning to eBay in areas such as fashion and improvements to delivery services
- Retail sectors with a resilient or growing town centre presence include value retail such as pound shops and charity shops; food, particularly smaller supermarket branches; and health and beauty
- A high proportion of high street stores are in poor financial health, with liabilities exceeding assets – almost 50 per cent of all retail companies at risk of insolvency according to Company Watch and significant knock-on costs to landlords and creditors from the nearly 12,000 retail insolvencies that have occurred since 2008

Key trends: the networked high street

Grimsey champions the concept of the 'networked high street', allying the idea of a mixed-use, community hub town centre with emerging and projected technological and lifestyle trends, urging closer integration between online and bricks and mortar offerings in both retail and public services. He outlines a number of future scenarios and possibilities for policymakers, retailers and others to consider:

- A 'high street dashboard' accessed via mobile devices, allowing individuals to access real time offers and availability information, booking for by-appointment services such as hair and beauty, and with an inbuilt loyalty / points card dubbed 'StreetCred'
- Possible applications including integration of the dashboard and loyalty scheme with access to freelance workspace hubs, 'maker labs' and crèche facilities; rewards for travelling sustainably; face recognition through CCTV; real-time parking information and even access to volunteering, training and job opportunities
- Virtual fashion shopping using holograms and a 3D avatar
- Improved integration of fashion shopping with social media, e.g. interacting with a disparate group of friends online to put items together and build an outfit
- Libraries evolving into community technology hubs with 'genius bar' style technical support and opportunities for technology developers to access resources and collaborate

Action: business rates

Given the financial challenges faced by retail, Grimsey devotes a significant proportion of his review to an analysis of the business rates system and suggestions ranging from tweaks to a total rethink:

- Business rate receipts to the Exchequer are rising steadily with inflationary increases, with takings forecast by the Office of Budget Responsibility to exceed council tax receipts by 2015-16 and increase to over £31bn soon after
- Overall a root and branch review of business rates and property taxation more widely is required to create a system that is fairer and more responsive to business conditions – the Government needs to address the possibility of business rates becoming variable rather than fixed
- Approximately a quarter of the total business yield comes from retail premises and the growth in business rates is double the sales growth from physical premises. Meanwhile, one in seven business premises – over 260,000 – received a summons related to business rates in 2012, with half of those being referred to

bailiffs.

- Grimsey accuses local authorities of making money from summons procedures, pointing to the large variation in the cost of a summons in different locations, and urges more local authorities to use their discretion to spread payments over a longer period
- Local authorities' ability to grant discretionary business rate discounts, granted in the [Localism Act 2011](#), is largely tokenistic given the local financial circumstances with only 18 authorities intending to use it – however, more local authorities could use their discretion to allow businesses to spread payments over a longer period and also use Government high street funding to give discounts and bring empty shops back into use – Wyre Forest is cited as a positive example and one of just 4 of 100 authorities in receipt of High Street Innovation Fund money to spend some of it in this way
- The rise of charity shops is noted – a 30 per cent rise to over 3,000 from 2008-2013 – and Grimsey suggests that there is a need to consider capping the total amount of mandatory rate relief granted to charity shops in order to ensure that there is more money in the system to grant reliefs elsewhere
- The Government should not postpone its revaluation of business rates – carried out without consultation – but revalue immediately and thereafter ensure an annual revaluation, while ensuring that existing rules allowing certain variations in circumstances of 'material change' to business conditions in order to carry out interim, local revaluations where high streets have experienced problems
- The Government should move from calculating business rate increases on the basis of a monthly snapshot of RPI inflation to an average annualised figure based on CPI inflation, saving business approximately £161m (contrasted by Grimsey to the savings in the Portas proposals of £46m)
- The Government should consider ending automatic empty property relief for industrial premises and ending the exemption of agricultural business premises from business rates, ending anomalies which are unfair to retail
- The Government should resolve the potential conflict between promoting the change of use of commercial to residential buildings through the planning system and moving towards a system of local government finance based on business rate retention, given the potential loss of income to local authorities which lose commercial premises
- With retail vacancy rates having hovered around 14 per cent for several years, the Government should extend relief to premises in mostly empty retail cores –

Grimsey suggests granting 50% rate relief for up to 2 years to retain businesses in areas which are struggling

Other government action

Outside business rate reform, Grimsey suggests a number of other actions which Government could take to help local areas:

- Creating a full-time Minister for the High Street, not tacked on to the role of Housing Minister
- Forming a High Street task force including practitioners who can help local areas troubleshoot and plan
- Offering discretionary grants of up to £100,000 for areas to take forward plans
- Forming a comprehensive evidence base; setting out key performance indicators for towns and measuring these through a common 'dashboard', and helping to assess plans as environmentally practical, drawing on the [Transition Town](#) movement
- A one-off levy on large retail and leisure chains of 0.25% of sales for one year to endow local funds to support start-ups and community enterprises
- Support to pilot the suggested Town Centre Commission approach in 5 areas with the aim of rolling out the approach more widely from 2015

Local action: Town Centre Commissions

At the heart of Grimsey's proposals for local action is the establishment of independent Town Centre Commissions. Having established that many town centres – around half the 47 that responded to Freedom of Information requests – currently lack plans, management teams and political scrutiny, Grimsey suggests that local authorities establish Commissions 'drawn from local stakeholders and experienced practitioners' whose main task would be to establish a 20 year business plan for the town centre, based on an independent, solid evidence base. This plan would be presented publicly and reported against every year.

Grimsey praises the work of the Mayor of London's [Outer London Commission](#) and local economy initiatives carried out by Transition Towns such as [Totnes](#), noting that localities and local authorities have more powers than they sometimes perceive, and that a wider approach to regeneration is needed which is not solely dependent on Business Improvement Districts. He notes that properly managed and constituted public / private partnerships can be a useful vehicle to develop and implement an investment strategy, citing Liverpool, Basingstoke and Croydon among examples flagged elsewhere.

Local action through the planning system

Driven by the long-term plans generated by the Town Centre Commissions, Grimsey sets out a number of actions and approaches that local authorities should adopt in terms of development planning:

- Designate town centres as Special Policy Areas: a more flexible approach than making changes to the Local Plan, Grimsey notes that this will allow flexibility over use classes in secondary retail streets but does not elaborate on how this would work, the benefits and whether this is still relevant given the Government's recent [changes to permitted development rules](#)
- Support commercial to residential changes and embrace town centre housing but do so in a plan-led way
- Be imaginative in public realm design
- Consider creating town-owned investment vehicles to create flats above shops and get around possible reluctance from commercial landlords
- Make it compulsory for 'mega malls' to include a proportion of affordable space and 'evaluate the future of out of town retail parks'
- Force owners of long-term empty shops to apply for a change of use in line with the town centre plan
- Use Community Infrastructure Levy receipts to support the delivery of the town centre plan

Other local action

Grimsey sets out some additional areas where local authority action is needed:

- Finance: the potential is raised for local authorities to move into small business finance initiatives utilising a proportion of their reserves and pension funds, possibly as a supporter or seed funder of local crowdsourcing platforms such as Seedr, Spacehive and Kickstarter to allow start-up businesses to raise funds locally – though not noted here this could be aided by [new provisions](#) to free up more pension fund investment in infrastructure and other partnership ventures
- Parking: a bugbear for Grimsey (as for Portas and Pickles) – though the financial context for local authorities is acknowledged (though not the strict rules on how parking revenues are spent), Grimsey reiterates that local authorities should not use parking as an income generation tool and suggests that local areas implement a 2 hour free parking policy and freeze parking charges for at least a year to encourage trade
- Continuing and stepping up broader regeneration approaches around crime, transport, skills and jobs and neighbourhood management

Comment

Grimsey's alternative vision appears more data driven in style than Portas' and less anecdotal and experiential. Like Portas' work, though, it feels very much like a personal vision, particularly in some of its more unusual content on future technological scenarios, the prescriptiveness of his proposal for Town Centre Commissions, and its structure, with a range of themes mingled together and links between areas often inferred rather than made explicit.

In launching his review and report, Grimsey specifically targeted Portas for criticism, claiming not only that her review has been ineffectual but that she was motivated by the platform it provided for a TV show, allegations repeated by the Communities and Local Government Committee (she [notes, in turn](#), that she was already well established on television and unlike Grimsey does not have a [book to sell](#)).

Commentators have also noted Grimsey's [past role](#) in the rise of out of town shopping. The animosity spills into the report, with Grimsey's suggestion of a new High Street Task Force without making reference to the Government's current [Future High Streets Forum](#), for example, feeling somewhat churlish.

That aside, however, the recommendations in Grimsey's report overlap far more with Portas' than his rhetoric would suggest, as explored in [Retail Week](#), though Portas is stronger on the institutional and legal niceties while Grimsey goes into more detail in areas such as business rates and the impact of technology, developing some of Portas' themes such as town-wide loyalty schemes. The Government's recent [progress update on high streets](#), which addressed the action taken since the Portas Review, provides useful context to Grimsey's work as well and in some areas arguably justifies his scathing assessment of progress to date.

The Government has been keen to show its willingness to listen to ideas, with the Local Government Minister Brandon Lewis speaking at the launch of *The Vanishing High Street*. However, the highly interventionist tenor of many of Grimsey's recommendations may not fit well with the current political direction of travel. Meanwhile, unsurprisingly, [reaction from larger business](#) has been broadly positive in relation to business rate reform and parking improvements and negative in relation to Grimsey's proposed levy on large retail and leisure chains.

Policymakers should take note of Grimsey's opening claim that there is an oversupply of retail; the logical adjunct to the need professed by many for a mixed-use high street, but a point that has not necessarily been much discussed. His emphasis on data and intelligence to drive decision-making, both nationally and locally, is similarly important and is a tacit challenge to the stance often taken by Government of seeing data collection as a burden rather than an opportunity. This links heavily to his emphasis on the need to adapt to and harness technological change, which significantly differentiates his work from Portas' and is [backed up by opinion research](#). The points he makes on how this technological vision intersects with the high street as community hub, though perhaps somewhat remote from everyday shopping experience and not particularly clearly expressed or integrated with the rest of the report, offer food for thought.

The proposals Grimsey puts forward on business rate reform draw on previous thinking and lobbying from the likes of the British Retail Consortium and have

unsurprisingly drawn significant consensus from business. However, policy seems unlikely to shift much if at all given the Government's financial position and the freshness of its latest round of [reforms](#) to link business rate receipts far more closely to local authority settlements. Though raising the question of how business rates can be used to stimulate prosperity and thus raise the tax take elsewhere, Grimsey – like Portas – does not say much about the failure of the new policy to incentivise local authorities to improve the business environment and the potential benefits of getting this right, and may have done well to suggest some tweaks that could have been implemented post 2015, particularly in light of his emphasis on local authority leadership and new duties and expectations around Town Centre Commissions - a working system of incentives would arguably give his plans a natural impetus.

On planning Grimsey advocates a strongly plan-led approach but is perhaps somewhat unrealistic in his expectations of what a special policy area can achieve, particularly on changes of use; the Government's recent, significant [liberalisation of permitted development rules](#), which threaten to cut across even the statutory, subject-to-inspection Local Plan, is not acknowledged at all and Grimsey does not pick up on specifics where there may be a chance to gain traction in the current climate, such as the debate on regulation of [betting shops](#) which Portas looked at.

There is a similar approach elsewhere in the report, where unlike Portas, Grimsey does not always engage much with current initiatives and seek to set out pathways through which these can be harnessed to move towards the future he envisages. For example, Business Improvement Districts, a cornerstone of Portas' report, are mentioned only to state that they cannot offer a complete solution to the high street's problems, undoubtedly true but not necessarily constructive. This more visionary approach may limit the traction that Grimsey's report can gain and much depends on his intentions to follow up and work with civil society, local authorities or business to demonstrate that some of his recommendations can work on the ground, with or without Government's assistance.

Related briefings

[*The Portas Review: The Future of our High Streets*](#) (December 2011)

[*Public car parking and local government: key trends and developments*](#) (January 2012)

[*Reinventing our Town Centres: Agendas for 2012-15*](#) (May 2012)

[*Local Government Finance Act 2012 – Non-domestic rates*](#) (January 2013)

[*Planning update summer 2013*](#) (June 2013)

[*The future of high streets: progress since the Portas Review*](#) (July 2013)

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