



## BRIEFING PAPER

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# The retail industry: statistics and policy

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1. Contribution to the economy
2. Sales statistics, online sales, footfall and vacancy rates
3. The impact of Brexit
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## Summary

The retail sector involves spending by consumers in shops and online. Supporting the retail sector, the wholesale sector involves those businesses that supply shops.

In 2016, consumers in the UK spent around £388 billion in retail purchases.

For every £1 spent in the retail sector (online and in shops),

- 40p was spent in food stores,
- 42p was spent in non-food stores and
- 9p on automotive fuel.
- The remainder was spent in other types of retailers, such as market stores or mail order catalogues.

Despite continued increase in both sales and footfall, the sector has come under pressure in recent years in a number of ways, including from the growth and evolution of supermarkets and online retailing.

The vote to leave the EU has had an effect on inflation, with the largest impact being on food prices; however, consumer confidence has remained high, contrary to expectations.

The Government made a number of policy changes in its 2011 Plan for Growth, and further measures have continued to be brought in. In the 2016 Budget, business rates for small businesses were reduced in order to boost their growth.

The Portas Review of the High Street was published in December 2011 and made a number of recommendations across a range of policy areas including planning, transport, and local government finance. In February 2012 the Government announced a competition for areas to be "Portas Pilots" to test some of the recommendations. 27 towns were chosen act as Portas Pilots; the Government reported on the progress of this project in July 2013.

# 1. Contribution to the economy

In 2016, the retail sector as a whole<sup>1</sup> contributed £192 billion to UK economic output (11.4% of the total), measured by Gross Value Added or GVA<sup>2</sup>; this output has continued to rise since then, reaching a total of £98 billion in the first half of 2017.

In 2015, the sector employed 4.9 million people (21.1% of the UK total), and contained 361,000 businesses (16.4% of the UK total).

## 1.1 Economic output

### Economic output in real terms (GVA)

Quarterly data, % change on previous year



Source: ONS, GDP(O) low level aggregates, 24 August 2017

In 2007, the retail sector grew faster than the UK economy. However, as the downturn began in late-2007, the retail sector declined more quickly and more deeply than the whole economy. At its trough in Q3 2008, output in the retail sector fell by 4.2% compared with the previous year - output from the whole economy fell by 1.5% in that quarter.

As the economy began to recover, growth in the retail sector increased more quickly. Growth in the retail sector has typically been around 1-2% in each quarter compared to the previous year from Q1 2013 to Q4 2016. Growth in the whole economy has typically been around 0-1% in each quarter compared to the previous year over the same period.

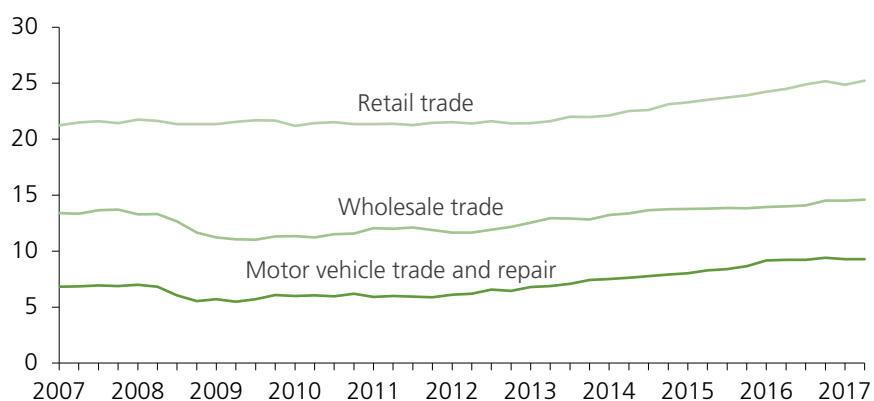
In the first half of 2017, retail output growth has been more volatile than growth in the whole economy, with retail output shrinking by 0.9% compared to the previous year in Q1 2017.

<sup>1</sup> SIC section G, containing divisions 45, 46 and 47 (retail, wholesale and sale and repair of motor vehicles and motorcycles)

<sup>2</sup> GVA shows the contribution of a sub-section of the economy, such as an industry or a region, to total economic output. GVA is equal to GDP less net taxes on products.

### Output of the UK's retail sector, 2007-2017

£ billions, adjusted for inflation



Source: ONS, GDP(O) low level aggregates, 24 August 2017

Retail trade makes up the largest part of the sector, and was also more resilient to the recession than either wholesale trade or motor vehicle trade and repair. All three divisions of the sector have seen output flatten off since around Q1 2017.

## 1.2 Employment

The retail sector employed a total of 4.6 million people in Great Britain in 2015, 15.7% of the total. This makes it the largest industrial sector in Great Britain.

### Employment in the retail sector, 2009-2015

Great Britain, thousands of people

	Retail trade	Wholesale trade	Motor vehicle trade and repair	Total
2009	2,922	1,123	488	4,533
2010	2,857	1,135	504	4,496
2011	2,845	1,116	506	4,467
2012	2,848	1,115	500	4,464
2013	2,839	1,131	510	4,481
2014	2,903	1,150	531	4,584
2015	2,915	1,168	542	4,625

Note: Columns represent (left to right) SIC codes 47, 46, 45 and G.

Source: ONS Nomis, Business Register and Employment Survey: open access, accessed 26 September 2017

## 1.3 Enterprises

There were 544,000 businesses operating in the retail sector in the UK at the start of 2016, 9.9% of all UK businesses.

**Retail sector businesses in the UK**

Start of 2016, thousands

Retail trade	301
Wholesale trade	143
Motor vehicle trade and repair	101
<b>Total</b>	<b>544</b>

Note: Rows represent (in order) SIC codes 47, 46, 45 and G.  
 Source: BEIS, *Business population estimates 2016, 13 October 2016*

As with the output and employment figures, retail trade makes up the largest division of this sector.

## 1.4 Retail, wholesale and motor trade

Relative to the whole retail sector in 2015, retail trade accounted for 52% of economic output, 63% of employment and 55% of businesses. The lower percentage for output is because retail is much more labour intensive than wholesale or motor vehicle trade, which results in lower overall productivity.

The retail sector can be divided into specialised and non-specialised stores. Non-specialised stores are shops which sell a variety of products, such as supermarkets, convenience shops or department stores. In 2015, non-specialised stores made up only 20% of retail businesses in the UK, but accounted for 51% of retail turnover and 46% of employment in the retail sector.<sup>3</sup>

<sup>3</sup> ONS, *Annual Business Survey 2015 revised results*. Non-specialised stores = SIC 2007 code 47.1

## 2. Sales statistics, online sales, footfall and vacancy rates

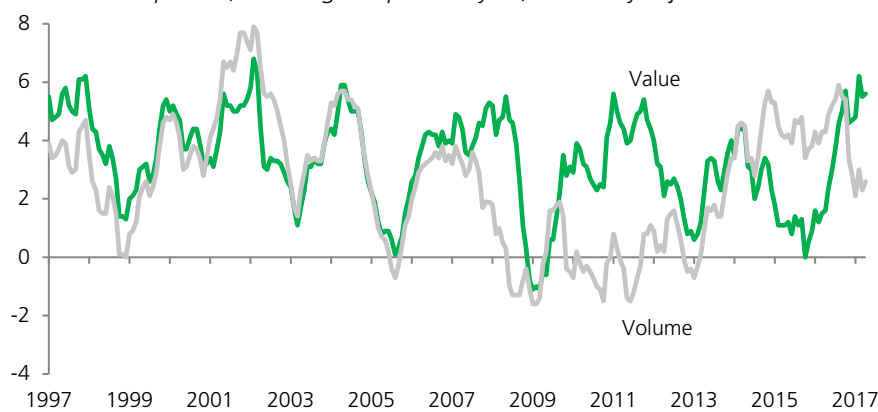
### 2.1 Retail sales

Data which show the total value and volume of retail sales are available from the monthly ONS publication *Retail Sales*.<sup>4</sup> The value of retail sales is the amount of money spent on retail goods in current prices (without adjusting for inflation). The volume of retail sales is the amount spent on retail goods taking inflation into account, so this measure reflects the quantity of goods bought.

In the absence of inflation, growth in value and volume of retail sales would be consistent with one another. In reality, though, different rates of inflation in different periods make figures of the value and volume of retail sales diverge.

#### Value and volume of retail sales, UK

Three month periods, % change on previous year, seasonally adjusted



Source: ONS, Retail sales time series database (DRSI), 20 July 2017

After 2008 and particularly after 2009, high levels of inflation meant that even as consumers spent more, they could afford fewer goods.

The total value of retail sales increased by between 3% and 5% each quarter in 2010 and 2011. The volume of retail sales grew by a much smaller proportion or fell during this period. This was a function of higher inflation during this period – consumer's money became less valuable meaning that the volume of goods they purchased decreased, despite the amount they were spending increasing.

During 2012, as inflation fell, the patterns of the total value and the volume of retail sales converged again. Falling inflation in late 2014 and 2015 meant that the series have since diverged again; for much of 2015 and 2016, the increase in the volume of goods bought has been greater than the increase in the value of goods bought, thanks to very low levels of inflation. Since the middle of 2016, this trend has reversed as inflation has once more increased, partly as a result of the fall in the value of the pound following the EU referendum.

<sup>4</sup> ONS, [Retail Sales](#), Data series J5BY and J5EH.



The Library's Economic Indicator page on [Retail Sales](#) provides the latest monthly statistics on retail sales.

## 2.2 Online sales

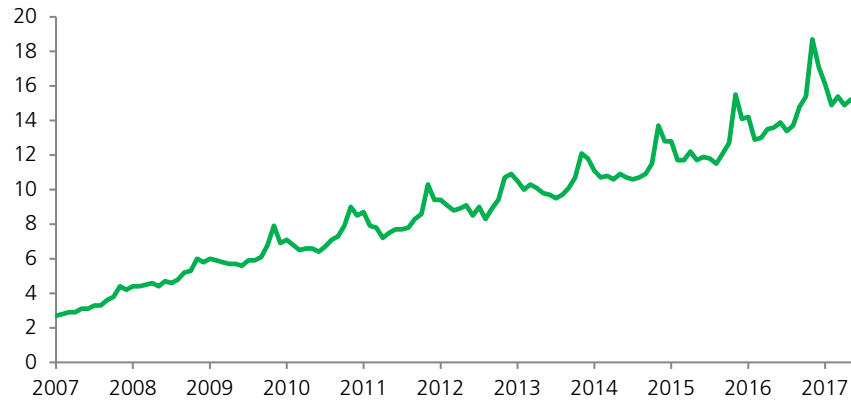
The rise in online sales in the UK has been steady since at least 2007. There is a strong seasonal pattern with peaks in retail sales each year in months leading up to Christmas.

The value of internet sales as a proportion of total retail sales rose from 2.7% in January 2007 to 16.1% in January 2017.

In December 2014 £1.1 billion was spent in online shops. This was the first time that more than £1 billion had been spent online in a single month;<sup>5</sup> in December 2016 the total was £1.5 billion, a 16% increase on the previous year that may have been driven by an increase in people using smartphones and tablets to shop online.<sup>6</sup>

### UK internet sales as a % of total retail sales

*Monthly data, not seasonally adjusted*



Source: ONS, Retail sales time series database (DRSI), 20 July 2017

The increase in online sales is due in part to a move towards internet only stores and products. In 2008, online and mail-order businesses accounted for 3.4% of the total number of enterprises in the retail industry (except of motor vehicles and motorcycles). This had increased to 10.0% in 2015.<sup>7</sup> In the music and film sector, more than half the sales of physical products (not including downloads) are already online. This has resulted in severe difficulties for retailers such as HMV, which went into administration in early 2012.<sup>8</sup>

Although existing physical stores have been attempting to move into the online space, this can be financially risky. A January 2017 article in the Telegraph pointed out that:

While retailers such as M&S, Next and Debenhams are still enjoying rising online sales – last year Debenhams' internet sales grew by 9pc to account for 15pc of total revenues - it has come at a huge cost and is eating away at their profit margins.

<sup>5</sup> ONS, *Retail Sales*,

<sup>6</sup> IMRG, [UK online sales exceed £130 billion in 2016, fuelled by sales growth on smartphones](#), 17 January 2017

<sup>7</sup> Annual Business Survey, *Division 47: Retail Trade, except of motor vehicles and motorcycles*

<sup>8</sup> See *Business Voice*, December 2011



That's because, as these more traditional retailers with big store estates develop online shopping channels, they're having to pay twice as much to serve customers.

"We have long believed that the move into online for mature retailers comes at the price of paying more to reach customers who are spending less," said analysts at Liberum.

"We do not believe that mature domestic retailers such as M&S, Next and Debenhams are doing significantly more than shifting customers from stores to online, but are need to pay for both channels to market anyway. Pure play online retailers such as ASOS and Boohoo are clearly the biggest beneficiaries of this trend."<sup>9</sup>

The Centre for Retail Research suggested in March 2017 that the rise of online retailing will result in a decrease in physical stores:

The growth of online sales at the current rate will inevitably reduce the market for traditional shops. In Europe, online sales in 2015-2017 are expected to grow by +32.0%, but All Retail Sales by only 3.4% in the same period. By the time that online sales represent 5% or more of domestic retailing then the continued growth of online retailers is likely to come largely at the expense of conventional stores. In Europe as a whole, online retailers in 2017 alone are expected to grow by 14.2% in a fairly stagnant retail market (growing by 1.4% average), hence sales through stores are expected to diminish by -0.85% overall this year, and as much as -1.58% in Germany, -1.51% in Sweden and -1.22% in the Netherlands. The comparable figure in the U.S. is -1.1%. The UK figure is -0.55%. The fall in market share of existing store-based retailers is creating major strategic issues for them. For policymakers, the results will be fewer physical stores and reduced employment in this key sector.<sup>10</sup>

### 2.3 Footfall and town centre vacancy rates

Although the performance of the high street is not purely a reflection of retail performance, measures of town centre footfall, high street vacancy rates, and retail sales in specialised stores are often used as indicators as indicators of the health of the retail industry.

The British Retail Consortium (BRC) publishes a footfall monitor report each month. The most recent data show that in June 2017:

- Consumer Footfall in all locations was up 0.8% on the same month in 2016.
- In high streets, footfall rose by 0.9%, while footfall in shopping centres fell by 0.8% and footfall in retail parks grew by 2.3%.<sup>11</sup>

The Local Data Company publishes regular reports on the types and locations of shops, and of vacancy rates. They reported in September 2017 that in the first half of 2017, 103 more retail and leisure units opened than closed, with the greatest increase being seen in retail

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<sup>9</sup> The Telegraph, [Online retail booms as high street struggles](#), 8 January 2017

<sup>10</sup> Centre for Retail Research, [Online Retailing: Britain, Europe, US and Canada 2017](#), 28 March 2017

<sup>11</sup> BRC, [Footfall and vacancy monitor](#), June 2017

parks. They also reported that vacancy rates stand at 11.1% in England, 11.9% in Scotland and 14.5% in Wales.<sup>12</sup>

## 2.4 Profile of the retail sector

As of 2016, the retail sector was made up of premises of the following categories (with all of the very small categories grouped together as “other”):

### Non-domestic premises in England and Wales, by category, 2016

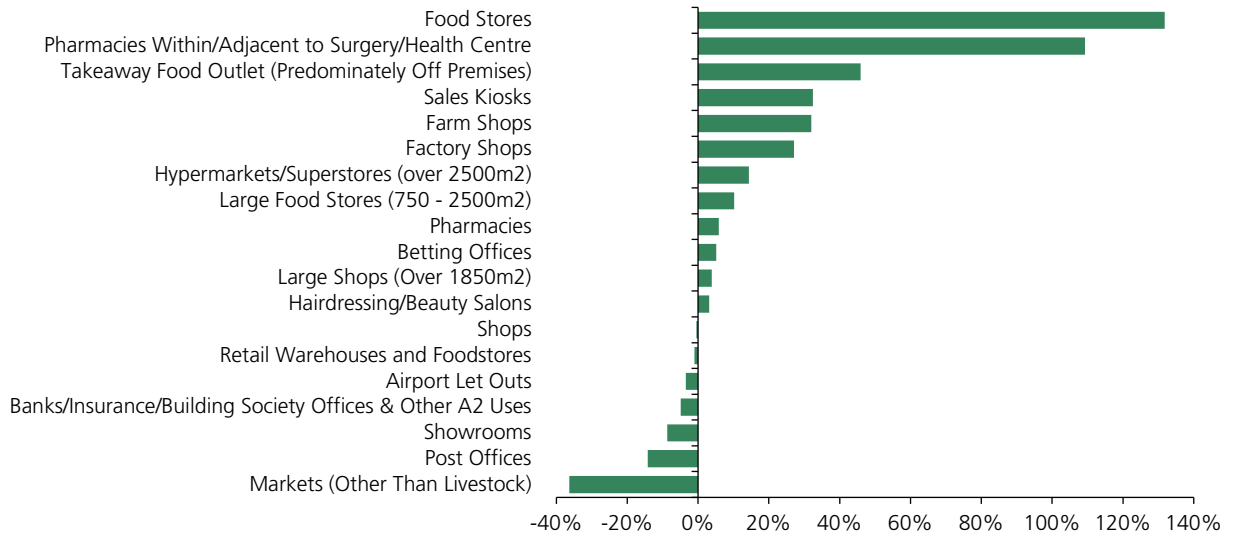


Source: Valuation Office Agency, Non-domestic rating: stock of properties, March 2016, 15 September 2016

These figures are from the Valuation Office Agency, which maintains lists of properties and their type and value so that they can be taxed correctly. They show that shops make up the vast majority of premises (over five times as many as all other premises categories put together), with hairdressers and beauty salons making up the next largest category.

<sup>12</sup> Local Data Company, [Retail and Leisure Trends in H1 2017 infographic](#), 14 September 2017

**Change in retail premises by type, 2010-16**



Note: Excludes all premises types with fewer than 1,000 properties in 2016.

Source: Valuation Office Agency, *Non-domestic rateable values 2005 & 2010 local rating lists statistical release & Non-domestic rating: stock of properties, March 2016*

Compared to 2010, the largest changes in the numbers of premises were in food stores (which saw an increase of 132%), pharmacies (an increase of 109%), takeaway food outlets (an increase of 46%) and markets (a decrease of 36%).<sup>13</sup>

<sup>13</sup> Larger percentage changes were seen in kiosks and shops within specialist properties; these were excluded because the small number of premises makes any change in their numbers appear to be a very large percentage difference.

## 3. The impact of Brexit

### 3.1 Effects so far

Following the UK's decision to leave the EU in June 2016, one of the largest impacts on the retail sector has been from the depreciation of the pound and the resulting higher costs for suppliers, which have led to increases in inflation. The political uncertainty caused by the referendum was predicted to hit consumer confidence, which is an important driver of retail performance;<sup>14</sup> however, retail sales continued to grow throughout 2016, only slowing in 2017 as higher prices began to change people's spending behaviour.<sup>15</sup>

Inflation has had a disproportionately high effect on non-food retailers, particularly those that sell expensive items like furniture; retail sales growth in food has increased steadily since the referendum, while for non-food it has generally decreased.<sup>16</sup>

### 3.2 Potential future impacts

As there has been little firm detail agreed between the negotiating teams of the UK and EU so far, it is difficult to say with any certainty what the long-term effects of Brexit on the retail sector might be. The CBI has identified<sup>17</sup> a number of key areas that will be important to the retail sector in the coming months and years:

- EU trade: tariffs and other barriers may increase prices;
- Migration: access to labour from the EU supports growth in the retail sector;
- Regulation: changes to the existing regulatory environment risks the stability that producers and consumers need;
- International trade: deals with other countries will be possible post-exit;
- A smooth exit: an abrupt transition would increase cost and complexity enormously, and should be avoided.

The Institute for Fiscal Studies has produced some work on how Brexit may affect food prices.<sup>18</sup> Its main conclusion is that there is still significant uncertainty over what might happen in this area; however, it does suggest several possible ways in which tariffs, spending patterns and the value of the pound may have an effect:

- Tariffs will not only cause imported products to cost more, but domestically-produced products that use imported ingredients will also see price rises. Moreover, manufacturers of competing products that are entirely domestically produced may take the opportunity to raise their prices too.

<sup>14</sup> KPMG/IPSOS Retail Think Tank, [The short and medium-term impact of Brexit on the retail sector](#), 4 August 2016

<sup>15</sup> The Guardian, [UK retail sales dive sparks biggest FTSE 250 fall since last summer](#), 15 June 2017

<sup>16</sup> RetailWeek, [Brexit one year on: What does the data tell us?](#), 23 June 2017

<sup>17</sup> CBI, [Making a success of Brexit: retail and wholesale](#), 1 March 2017

<sup>18</sup> IFS, [How might Brexit affect food prices?](#) and [The exposure of households' food spending to tariff changes and exchange rate movements](#), 27 July 2017

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- The lower value of the pound will have a similar effect on the price of imported goods and ingredients, causing prices to rise.
- Because there is significant variation between households in the patterns of their spending, different households will be affected to different extents, and spending patterns may change in order to save money.

## 4. Government policy

### 4.1 Plan for Growth

The Government's [Plan for Growth](#), published alongside the Budget in March 2011, included a range of measures which aimed to support the retail industry.<sup>19</sup>

The Government noted that the retail industry was subject to a particularly high level of regulation. A number of deregulatory measures were set out:

- The existing right of many workers to request time off work to train or study<sup>20</sup> would no longer be extended to businesses with less than 250 employees.
- A moratorium exempting micro and start-up businesses from new domestic regulation for three years from 1 April 2011 was announced.
- The Government noted that an early indication of the level of the national minimum wage was a top priority for retail businesses and announced that they would invite the Low Pay Commission to consider and implement the best way to give business clarity on its future levels in their next report. However, in its 2012 report, the Commission indicated that it would not attempt to indicate the rates that it would recommend in the future, saying that "the disadvantage of constraining ourselves to positions which by definition cannot be based on timely evidence outweighs any benefit in increased clarity".
- The Government also stated that they would work to remove regulatory barriers to increased cross-border online retail, in order to help UK retailers access overseas online sales.

The *Plan for Growth* also set out how the Government planned to [support SMEs](#) including extending the existing Business Rate Relief holiday for one year (see House of Commons Library Standard Note, [Small Business Rate Relief](#)), and setting up new Enterprise Zones in England (see Library Standard Note, [Enterprise Zones](#)).

The Government published a number of [implementation updates](#) in the years after the Plan for Growth was published. The last of these was [published](#) in March 2013. In this document, the Government listed all of the pledges it had made as part of the Plan, along with their implementation status; out of 235 pledges, 146 were listed as "complete", with the remaining 89 listed as "progress made". The pledges relating to the retail sector were:

- Extend the current small business rate relief holiday for one year from 1 October 2011. (Complete)
- Invite the independent Low Pay Commission (LPC) in its next report to consider and implement the best way to give business clarity on future levels of the National Minimum Wage, including consideration of two-year recommendations. (Complete)

<sup>19</sup> HM Treasury, [Plan for Growth](#), March 2011, pp 111

<sup>20</sup> See [Training and study at work: your rights](#) on gov.uk for more details.

- Introduce a package of measures to support thriving town centres and build on the Town Centre First policy. (Complete)
- Expand the Primary Authority model to apply consistent enforcement standards across a wider range of regulations and businesses. (Progress made)
- Amend regulations affecting retailers to make them more outcome focused, and use a checklist approach to assist SMEs to comply. (Complete)
- Implement a regulatory reform package to simplify complex and inconsistent age-restricted sales regulations and licences for businesses. (Complete)
- Work with retailers to ensure the skills system is delivering what the sector needs, including by providing pre-employment retail skills training to the unemployed and encouraging greater take-up of retail apprenticeships. (Complete)
- Work to remove regulatory barriers to increased cross-border online retail. (Progress made)

## 4.2 Retail sector strategy

In October 2012, the Government published its [Retail sector strategy](#) which elaborated on a number of the ideas floated in the *Plan for Growth*. The Government committed to monitor progress towards the specific aims published in this report at six monthly intervals. These aims were organised into five categories: better regulation, knowledge transfer, local, Europe and international. The key measures under each of these headings are set out below:<sup>21</sup>

- **Better regulation:** promote partnerships between regulators and regulated partly by delivering a “common standard of competency”. The Government will also seek to create a new code of practice in respect of age restricted products and raise awareness of this.
- **Knowledge transfer:** retailers collect rich data but there are gaps in their knowledge – the Government will help to identify and fill these gaps by encouraging knowledge sharing between retailers, academics and government. Science, technology, engineering and maths skills have been identified as lacking in the sector – the government will commission a skills gap analysis to suggest how this can be tackled.
- **Local:** Retail is “one of the few sectors with a presence in every neighbourhood”, and it has a considerable “multiplier effect” on local economies, with shoppers also supporting the tourism, food and drink, and leisure industries in local areas. In order to combat the decline of High Street retailing that has occurred in some areas, the Government commissioned the Mary Portas Review and will seek to implement its recommendations (see below). The Government will also support and promote the work of the Gloucestershire Local Economic Partnership (LEP), which is working as a pathfinder on promoting the local retail sector. In addition, the Government will seek ways of promoting regions and local areas in appropriate overseas markets.

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<sup>21</sup> BIS, [Retail sector strategy](#), October 2013, pp 5 onwards

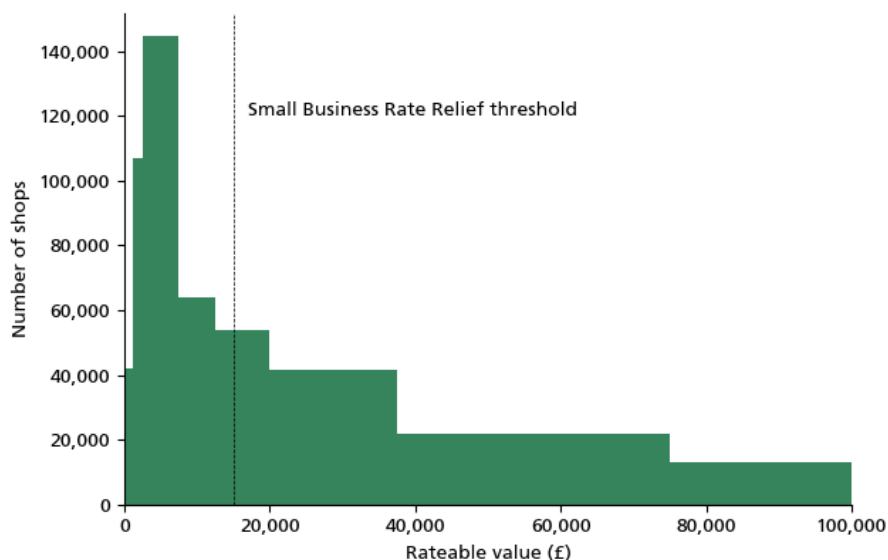


- **Europe:** The Government will seek to publicise any EU measures which impact on the UK retail sector. In order to facilitate greater cross-border trade, the Government will also examine ways to boost consumer confidence in e-commerce.
- **International:** In order to encourage trade and boost the international reputation of UK retailers, the Government is creating a 'taskforce' of retailers, trade officials and diplomats. A toolkit will also be developed which will help retailers find and invest in appropriate overseas markets.

### 4.3 Business rate changes

In the 2016 Budget, business rates were reduced, with a particular focus on smaller businesses – those in a property with a rateable value of below £12,000 became eligible for Small Business Rate Relief of 100%, with the amount of relief tapering off up to a rateable value of £15,000. This measure covers 73% of shops, which tend to have a low rateable value.

**Distribution of shops by rateable value, March 2016**



Note: Excludes 19,860 shops with a rateable value above £100,000.

Source: Valuation Office Agency, *Non-domestic rating: stock of properties, March 2016*, 15 September 2016

Further details on this are available in chapter 4 of the Library briefing paper [Reviewing and reforming business rates](#); see also section 3.3 of the Library briefing paper [Business rates: the 2017 revaluation](#).

In the same Budget, the annual indexation of business rates was switched to use the CPI measure of inflation instead of RPI, resulting in a lower rate of increase.<sup>22</sup> Both of these measures were seen as positive by small business lobby groups.<sup>23</sup>

<sup>22</sup> HM Treasury, [Budget 2016](#), 16 March 2016

<sup>23</sup> Financial Times, ["Permanent cut in business rates welcomed"](#), 16 March 2016

## 5. Select Committee report on the retail sector

The BIS Select Committee [conducted an inquiry into the retail sector](#) in early 2014.<sup>24</sup>

The report concluded that although the UK retail industry faced some significant pressures, both internally in the form of changing shopping habits, and externally in the face of an unfavourable business rates regime and economic conditions, it was still a strong and dynamic force in the economy.

The Committee's central recommendation involved changes to the business rates system, which the committee called a "significant barrier to innovation." They recommend a Government review of the system to examine the following questions:

- whether retail taxes should be based on sales, rather than property;
- whether the retail sector should have its own form of taxation, calculated in a different way from other businesses;
- how frequently the revaluation of Business Rates should take place.

Further information on this issue can be found in the Library note on [Business Rates](#).

The Government [responded to the Committee's report](#) in June 2014. It was broadly supportive of the Committee's aims, and pointed out areas where it had already taken actions in line with Committee recommendations. For example, the Committee had recommended that businesses should be exempt from business rates for six months when they occupied a formerly empty property; the Government pointed out that since April 2014, businesses are eligible for a 50% reduction in business rates for 18 months when they occupy premises which had been empty for a year.

However, in other areas the Government did not accept recommendations; for example, the Committee suggested that retail strategy should be included in the industrial strategy programme. The Government responded that retail strategy had already been covered in the October 2013 [Strategy for Future Retail](#), and took no further action.

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<sup>24</sup> BIS Select Committee, [UK Retail Sector](#), 4 March 2014

## 6. Appendix: Mary Portas's Review of the High Street

### 6.1 The Review

The [Portas Review: An independent review into the future of our high streets](#), led by Mary Portas, was launched by the Government on 17 May 2011 "to identify what government, local authorities and businesses can do to promote the development of more prosperous and diverse high streets."

The Portas Review was published on 13 December 2011. It made 28 separate recommendations. She concluded that:

- High Streets should be run more like businesses, with a "**Town Team**" to provide visionary, strategic and operational management. They could have the power to decide the appropriate mix of shops and services for their area and could focus on making high streets "accessible, attractive and safe";
- Successful Business Improvement Districts could take on more responsibilities to become "**Super-BIDs**". BIDs are areas where local retailers can contribute to improvements in through increased business rate contributions. The review suggested that BIDs could be enabled to exercise new community rights to buy assets and run services, as local authorities can under the *Localism Act 2011*. Landlords should be enabled to take part in BIDs. For more information on the existing BIDs structure, see the Library Standard Note, SN/PC/4591, [Business Improvement Districts](#).
- **Market stalls** should be used as a way for new retailers to enter the high street. Portas recommended a new "national market day", and recommended that it should be made easier for people to become market traders by removing unnecessary regulations.
- Changes should be made to the **business rates** regime to support small businesses and independent retailers. Local authorities should use their new discretionary powers to give business rate discounts to new local businesses, and uprating should use the Consumer Prices Index (CPI) rather than the Retail Price Index (RPI).
- Changes also be made to the '**Class Use**' system to make it easier to change the uses of key properties on the high street, with betting shops put in a separate '**Class Use**' of their own.
- the **planning system** should be reformed to encourage town centre rather than out of town retail development. For example, there should be Secretary of State "exceptional sign off" for all new out-of-town developments. For more information, see the Library Standard Note, SN/SE/1106, [Town Centres, Planning, and Supermarkets](#).

The Department for Business Innovation and Skills published a commissioned research report, [Understanding High Street Performance](#), alongside the Portas Review.

## 6.2 Government response

In February 2012 the Government announced that they had accepted Mary Portas's recommendation to "run a number of High Street Pilots" in order to test some of her other recommendations.

On 4 February 2012 the Department for Communities and Local Government (DCLG) [launched](#) a competition to choose 12 towns in England to become "Portas Pilots".<sup>25</sup> The winners would receive up to £100,000 each, through a grant paid directly to the appropriate local authority. The successful teams would be expected to create a "Town Team" as a central part of their pilot bid. The deadline for applications was 30 March 2012.

On 30 March 2012 the full [Government Response to the High Street Review](#) was published. It announced a further competition for another twelve Portas Pilots.<sup>26</sup> 27 towns were eventually chosen to be Portas Pilot towns. A list of all these towns is available on the [Improving high streets and town centres](#) policy page, along with a description of their aims and role. Due to the overwhelming response to the competition, all applicants were offered the opportunity to bid for funds from the High Street Innovation Fund (see below).

Other announcements made by DCLG in their response to the Portas Review included:

- The launch of the High Street Innovation Fund which is intended to support local authorities "in their efforts to improve the look of their high streets". £10 million is to be allocated to one hundred local authorities "to help address the issue of riots and empty shops."<sup>27</sup> The list of [authorities awarded money from the High Street Innovation Fund](#) will be paid is available here.
- A new Future High Street X-Fund is a £1 million fund intended to reward areas "delivering the most effective and innovative plans to bring their town centres back to life". This will be awarded in a year's time.<sup>28</sup>
- Government backing for a National Market Day and "love your local market fortnight";
- Plans to consult on draft regulations to make it easier for street traders to set up and conduct legitimate business on the streets;
- Encouragement for local authorities to look at their powers under the *Localism Act 2011* to provide business rate discounts to small businesses and independent retailers.

In July 2012 DCLG published [Re-imagining urban spaces to help revitalise our high streets](#), a document "aimed at anyone working to improve their high street, town centre or retail area" to encourage new uses for urban spaces. It includes references to a number of practical

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<sup>25</sup> Department for Communities and Local Government, [Grant Shapps: Bid to become a Portas Pilot](#), 4 February 2012

<sup>26</sup> The prospectus for those wishing to bid in the competition is available [here](#).

<sup>27</sup> Department for Communities and Local Government, [High Streets at the Heart of our Communities: the Government's Response to the Mary Portas Review](#), 30 March 2012, p20

<sup>28</sup> *Ibid*, Prime Minister's Foreword and [Grant Shapps offers 'Portas-Plus' plan to revive ailing high streets](#), 30 March 2012

toolkits and examples. In the foreword, the Secretary of State, Eric Pickles, and the Minister, Grant Shapps, wrote that:

There is no point in simply chasing the traditional model of the high street – a place where people come together to shop. Retail is an important element of a thriving town centre, but it is not sufficient. Instead you need to reimagine your high street and town centre, and drive towards a new future where people come together for many different reasons.<sup>29</sup>

### 6.3 The Future of High Streets

In July 2013, the Government published [The Future of High Streets – Progress since the Portas Review](#), a report on the changes that had been made since the Portas Review and their resulting impact. It included a number of reports on individual towns that had implemented new initiatives, along with some general reports on initiatives started by the Review. Among the actions it highlights are:

- The 2013 Love Your Local Market fortnight, which ran from 15-29 May and involved just under 700 places running 3,500 markets;
- A change in planning rules so that councils can offer as much parking in towns as they consider appropriate;
- The £2,000 Employment Allowance given to every business and charity from April 2014, to reduce their employer National Insurance Contributions;
- The Department for Transport giving £1.8 billion to local authorities to improve local transport infrastructure;
- A commitment of £235 million to help local authorities, housing associations and community groups tackle the most problematic empty properties on high streets, which would not otherwise come back into use.

### 6.4 Town Teams

Town Teams were set up as part of the Portas Review, and are groups of individuals and businesses who want to develop or revitalise their towns. Many of them were funded by the Department for Communities and Local Government through the Association of Town and City Management (ATCM), which provided guidance and support for projects suggested by the Teams.

Official funding for Town Teams ended on 1 April 2015, but many are still in operation, and the ATCM continues to offer some free resources for Teams.<sup>30</sup>

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<sup>29</sup> DCLG, [Reimagining urban spaces to help revitalise our high streets](#), July 2012

<sup>30</sup> ATCM, [The History of Town Teams](#), retrieved 2 October 2017

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