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Title: High Streets

Executive Summary

The Economy Committee recently dedicated two of its meetings to exploring the issues facing London's high streets.

On 14 January 2020, the Economy Committee resolved:

That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the meeting.

On 8 September 2020, the Economy Committee resolved:

That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.

Following consultation with party Group Lead Members, the Chair agreed the Committee's report, *High hopes: Supporting London's high streets in the economic recovery from COVID-19*, as attached at **Appendix 1**.

The terms of reference for this project were approved by the Chair under delegated authority. Officers confirm that the letter and its recommendations fall within these terms of reference. The report will be noted at the next appropriate meeting of the Committee.

Decision

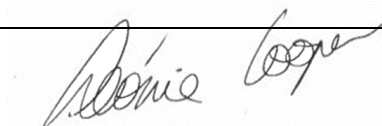
That the Chair, in consultation with the party Group Lead Members, agrees the Committee's report, *High hopes: Supporting London's high streets in the economic recovery from COVID-19*, as attached at **Appendix 1**.

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature



Date 18/03/2021

Printed Name

Léonie Cooper AM, Chair of the Economy Committee

Decision by an Assembly Member under Delegated Authority

Notes:

- 1. *The Lead Officer should prepare this form for signature by relevant Members of the Assembly to record any instance where the Member proposes to take action under a specific delegated authority. The purpose of the form is to record the advice received from officers, and the decision made.*
- 2. **The 'background' section (below) should be used to include an indication as to whether the information contained in / referred to in this Form should be considered as exempt under the Freedom of Information Act 2000 (FoIA), or the Environmental Information Regulations 2004 (EIR). If so, the specimen Annexe (attached below) should be used. If this form does deal with exempt information, you must submit both parts of this form for approval together.**

Background and proposed next steps:

The Economy Committee recently dedicated two of its meetings to exploring the issues facing London's high streets.

On 14 January 2020, the Economy Committee resolved:

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The terms of reference for this project were approved by the Chair under delegated authority. Officers confirm that the letter and its recommendations fall within these terms of reference. The report will be noted at the next appropriate meeting of the Committee.

Confirmation that appropriate delegated authority exists for this decision

Signed by Committee Services	L J Harvey	Date	10/03/2021
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Print Name: Lauren Harvey	Tel:	x4383
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Financial implications**NOT REQUIRED**

Signed by Finance N/A Date

Print Name N/A Tel:

Legal implications

The Chair of the Economy Committee has the power to make the decision set out in this report.

Signed by Legal  Date 10/03/2021

Print Name Emma Strain, Monitoring Officer Tel: X 4399

Additional information should be provided supported by background papers. These could include for example the business case, a project report or the results of procurement evaluation.

Supporting detail/List of Consultees:

Shaun Bailey AM (Deputy Chairman) and Caroline Russell AM

Public Access to Information

Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 – Deferral**Is the publication of Part 1 of this approval to be deferred? No**

Until what date: N/A

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - No

Lead Officer/Author

Signed Dan Tattersall Date:
10/03/2021

Print Name **Dan Tattersall** Tel: x1328

Job Title **Senior Policy Adviser**

Countersigned by *E. Williams* Date:
Director 15.03.2021

Print Name **Ed Williams** Tel: x4399

An aerial view of a city street map, rendered in shades of green. The map shows a grid of streets and a winding river. Several people are scattered across the map, appearing to walk along the streets. The people are dressed in casual attire, including jackets, sweaters, and trousers. The overall scene suggests a busy urban environment.

High hopes: Supporting London's high streets in the economic recovery from COVID-19

London Assembly Economy Committee

LONDONASSEMBLY

Economy Committee



Leonie Cooper AM
(Chair)
Labour



Susan Hall AM
Conservatives



Shaun Bailey AM
(Deputy Chairman)
GLA Conservatives



Murad Qureshi AM
Labour



Unmesh Desai AM
Labour



Caroline Russell AM
Greens

The Economy Committee scrutinises the work of the Mayor relating to economic development, wealth creation, social development, culture, sport and tourism in the capital. It also examines the Mayor's role as chair of the London Economic Action Partnership (LEAP).

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Foreword



Leonie Cooper AM
Chair of the Economy Committee

High streets across the city are a part of the fabric of London. While there is always much focus on the Central Activity Zone in the city centre, two thirds of Londoners live within a five-minute walk of one of London's 1,204 high streets.^{1,2}

There have been long-standing issues facing high streets and in 2021, London's high streets find themselves in a precarious position more so than before. The COVID-19 pandemic and the measures taken to control the spread of the virus, resulted in all retailers (except those deemed essential), hospitality venues, cultural attractions and leisure facilities closing for much of 2020, and into 2021. Businesses have had to adapt to changing restrictions, developing their online shopping offers or click-and-collect options. The pandemic may well have changed the way Londoners live, work, and shop forever.

Before COVID-19 hit the city's economy, there were 127,715 businesses operating on London's high streets, accounting for 23 per cent of the capital's total.³

At the end of August, before the second wave of COVID-19 spread across the UK, smaller city centres had reached 90% recovery in footfall numbers, but in London recovery footfall was only 30%.⁴ As the country is vaccinated and the economy slowly reopens, it is vital that plans are put in place to support thousands of London businesses as they get back onto their feet.

The pandemic has aggravated many existing problems for local businesses and then piled new issues on to high street survival. In some parts of the capital, especially the commercial centres, high streets might look markedly different over the coming years. There has been a significant change in shoppers' behaviours and budgets, and businesses may not be able to balance the financial COVID-19 fallout of these changes. The threat to high street commerce not only poses a risk to the communities it provides for but to London's economy as a whole. With reopening on the horizon, there are new opportunities that must not be missed.

¹ Office for National Statistics, [High streets in Great Britain](#), June 2019

² Greater London Authority, [High Streets](#), N.D.

³ Office for National Statistics, [High Streets in Great Britain](#), June 2019

⁴ Centre for Cities, [High streets recovery tracker | Centre for Cities](#), March 2021

During the pandemic, as Londoners did the right thing and stayed at home instead of commuting on public transport into their offices, people have started to reconnect with their local high streets and explore their neighbourhoods. Walking to their local shops for all necessities as well as finding a sandwich or a coffee local became the so-called 'new normal' during Londoners' limited trips out of homes during lockdown and tiered restrictions. Londoners now openly value supporting local businesses and residents have discovered the benefits of having click-and-collect services and handy shops just a walk or cycle away with a friendly face behind the counter. With the Government announcing a reopening roadmap, London's businesses and residents now need to know what that means for the city's renewal in the coming months.

The London Assembly Economy Committee recognises that amongst the drastic economic and social changes caused by the pandemic there is a chance for the Mayor of London, and the Government, to revisit support for London's high streets. Whilst the Mayor has made the high streets a focus in London's recovery from the pandemic, this report highlights that high streets were suffering before COVID-19 hit the capital. Disproportionately high business rates in London and the Government's proposals to extend permitted development rights further are not going to support businesses through these toughest of times. The recommendations contained within this report are designed to highlight the issues that London's high streets face and how the Mayor can help to mitigate both the long-running and COVID-related risks posed to the high street.

Executive summary

This report sets out the London Assembly Economy Committee's views on the actions that should be taken to help London's high streets in the city's recovery from COVID-19. It explores both the long-running issues that have been facing the high street for a number of years – many of which have been compounded by the pandemic – and those issues which have newly arisen, as a direct result of it. The report is built on the evidence heard from a range of experts both before and during the pandemic, and builds on the Committee's long-standing commitment to advocate for London's business and the communities that they serve.

Recommendations

Recommendation 1

The Mayor's High Streets for All recovery mission must be backed by a London High Streets Board, which urgently analyses the extent of both the long-term and COVID-19 related threats to the city's high streets, develops recovery strategies as set out in this report and is consulted on the immediate actions needed to drive London's high street's survival and recovery. The High Streets Board must be set up immediately after the Mayoral election and start work straight away.

Recommendation 2

The London High Streets Board must have representation from a diverse range of business sectors, include small, medium and large businesses, businesses from both inner and outer London, and include representatives from local authorities, community groups, cultural organisations, last mile logistics companies, circular economy organisations and street market operators, to deliver a truly London-wide high street recovery that delivers inclusive growth for all across the city.

Recommendation 3

Working closely with the Federation of Small Businesses and the London Chamber of Commerce and Industry, the London High Streets Board should establish and then issue advice on best practice, including COVID-security, for firms who want to move to timesharing their offices, due to a permanent increase in staff working from home.

Recommendation 4

The London High Streets Board would be well placed to ensure that the potential challenges of any changes to the Permitted Development Rights regulations are being properly considered, and should issue advice and best practice guidance to ensure commercial districts are not threatened by inappropriate residential development.

Recommendation 5

The Economy Committee reiterates the concerns laid out in the London Assembly Planning and Regeneration Committee response to the Government's consultation [Supporting housing delivery and public service infrastructure](#), specifically those concerns related to the impact that the consultation's proposed expansion of PDRs would have on the economy and ecosystem of the high street. The London High Streets Board must develop a strategy for minimising any potential negative impact of both Use Class and PDR reform.

Recommendation 6

The London High Streets Board must work to ensure that the Government's ongoing reform to business rates delivers for London's businesses, and ask that the Mayor lobby to secure alternative funding streams to ensure that any change in business rates does not impact investment in London's high streets.

Recommendation 7

The Mayor should advocate for changes to the tax system, to create a level playing field between online and in-person bricks and mortar businesses.

Recommendation 8

The London High Streets Board should lobby for increased support for BIDs as restrictions are lifted, especially securing financial support to account for the limited ability of businesses to contribute currently.

Recommendation 9

The London High Streets Board should lobby the Mayor and Government for a specific fund for BIDs, to enable them to develop joint websites to promote BIDs to the public.

Recommendation 10

The London High Streets Board, working with the Mayor, should develop a long-term strategy with measurable targets to ensure that London's diverse range of businesses continue to be supported in taking advantage of new technologies and shifts in consumer behaviour that have emerged during the pandemic, including continued support for small businesses for the development of fully functional, easy to use websites and the expansion of click and collect services.

Recommendation 11

The London High Streets Board should strategise for shifts in consumer behaviour at physical stores, including providing support for businesses that meet the growing demand for environmentally-conscious shopping, such as refill stores, repair cafes and charity shops.

Recommendation 12

The London High Streets Board should drive footfall by ensuring that high streets are person-centred, with public space utilised to provide outdoor seating for hospitality premises and adequate space provided to facilitate last-mile deliveries by cargo bikes and pedestrian couriers.

Recommendation 13

The London High Streets Board must put both daytime and night-time culture at the heart of local high street recovery and monitor how the Mayor's plans will support the culture sector in a transition away from the Culture at Risk Fund and towards long-term recovery.

Recommendation 14

The Mayor should continue to lobby the Government to reverse the decision to end tax-free international shopping, and if high street recovery is slow, should further lobby to keep VAT reduced for the hospitality sector.

Vacant premises and permitted development rights

Recommendation 3

Working closely with the Federation of Small Businesses and the London Chamber of Commerce and Industry, the High Streets Board should establish and then issue advice on best practice, including COVID-security, for firms who want to move to timesharing their offices, due to a permanent increase in staff working from home.

Recommendation 4

The London High Streets Board would be well placed to ensure that the potential challenges of any changes to the Permitted Development Rights regulations are being properly considered, and should issue advice and best practice guidance to ensure commercial districts are not threatened by inappropriate residential development.

Recommendation 5

Type your recommendation text here. 5. The Economy Committee reiterates the concerns laid out in the London Assembly Planning and Regeneration Committee response to the Government's consultation Supporting housing delivery and public service infrastructure, specifically those concerns related to the impact that the consultation's proposed expansion of PDRs would have on the economy and ecosystem of the high street. The London High Streets Board must have a strategy for minimising any potential negative impact of PDR reform.

Vacant premises

Before the pandemic struck London, vacant premises on the high streets were low relative to other cities across the UK, at around 7 per cent in 2019. However, this figure masks the variation experienced across the city, with only around 3 percent of premises in the West End vacant compared to Croydon town centre's vacancy rate of 22 per cent.^{5,6}

The onset of the pandemic rapidly increased the number of vacancies across London. Between January and September 2020, London experienced a 60 per cent rise in vacant retail premises.⁷ There are already examples of the high street losing key tenants, with the collapse of Debenhams and the Arcadia Group, and a move away from flagship sites by retailers such as the Frasers Group.⁸ This rise in businesses closing and leaving empty premises has been driven by a combination of factors: employees working from home and not visiting London's commercial

⁵ Mayor of London, [High Streets & Town Centres: Adaptive Strategies](#), January 2019

⁶ London Assembly Economy Committee, [London's Retail Sector – Keeping London's High Streets Open](#), 14 January 2020

⁷ The Guardian, [Empty shops on UK high streets at highest level in six years](#), 3 September 2020

⁸ Reuters, [UK sees surge in empty shops and offices amid pandemic – RICS](#), 28 January 2021

centres, non-essential retailers being unable to trade, a lack of tourism, and Londoners being asked to stay local. The impact has not been distributed evenly across the city, and those areas with typically lower vacancy rates, such as the West End and Central Activity Zone (CAZ) have been hardest hit.

*"We have a situation in the West End where, for the first time ever, we expect a third empty voids: empty shops, empty restaurants, hotels closing. 30 per cent. We have never had that. The most we have had is 2 per cent or 3 per cent, so this is totally unprecedented."*⁹

**Jace Tyrell, Chief Executive
New West End Company**

The shift to greater working from home is likely to impact on vacancies over the longer-term and raises questions about how premises should be repurposed – especially in London's commercial centres. More Londoners have worked from home than ever before over 2020 and 2021. During the first lockdown over half of Londoners (57.2 per cent) did some work from home, and after a limited return to offices over the Summer, by January 2021, 45 per cent of adults were working from home again across the country.¹⁰ It is anticipated that this forced adaption to working from home will drive a permanent shift towards greater remote working. A survey by the Confederation of British Industry (CBI) and PwC found that 74 per cent of companies, particularly banks, finance houses and insurance firms, are reviewing their office space requirements.¹¹ Around 88 per cent of the 133 financial services firms polled said the pandemic had resulted in a greater shift towards remote working.

Firms are looking for innovative ways to reduce their office footprint. In November last year, for example, two recruitment companies signed an office timeshare agreement meaning one company's 20 staff occupy the office two days a week, before it is deep-cleaned and the second firm uses it for the other three working days.¹² Research from property consultancy Carter Jonas in September 2020 suggested that office rents in London could fall by as much as 10 per cent, due to the decrease in demand.¹³

The consequence of this reduction in office space is twofold: firstly, a growth in vacant commercial premises; and secondly, a reduced demand for the retail, leisure and hospitality businesses that support office workers.

⁹ London Assembly Economy Committee, [London's Christmas Economy and the Impact of COVID-19](#), 4 November 2020

¹⁰ Reuters, [UK sees surge in empty shops and offices amid pandemic – RICS](#), 28 January 2021

¹¹ PwC, [CBI/PwC Financial Services Survey](#), October 2020

¹² Evening Standard, ['This is 100% the future': Recruitment firms sign 'office timeshare' deal in sign home-working set to stay](#), 12 November 2020

¹³ Evening Standard, [Office rents forecast to fall in central London](#), 25 September 2020

“There is a lot of concern across businesses in the centre of London that while they desperately need tourism, both domestic and international, back, we must not underestimate the amount of their business that is dependent upon the flow of commuter workers into London to provide them with the bulk of their business.”

**Richard Burge, Chief Executive
London Chamber of Commerce and Industry**

Permitted development rights

A question hanging over high streets is how these vacated premises should be used going forwards. Permitted development rights (PDRs) provide one answer to this, by allowing property developers more freedom to convert commercial spaces into housing. PDRs were first introduced in 2013, and between 2013 and May 2019, 15,929 new homes were built through PDR in London, replacing 1.6 million square feet of office space.¹⁴ On 30 June 2020, the Prime Minister announced a raft of changes to the regulations to extend PDRs, with this extension currently being consulted on. These changes would, among other things, allow the conversions of a “wider range of commercial buildings” to residential use as well as upwards extensions of residential blocks, and the demolition and replacement of vacant and redundant residential and commercial buildings if they are rebuilt as homes. It was also announced that more types of commercial premises would have full flexibility to be repurposed through reform of the Use Classes Order (the different categories for uses of land and buildings).¹⁵ The changes to PDR are intended to “kick start the construction industry and speed up rebuilding”.¹⁶ At the Economy Committee’s meeting in August 2020, John Macdonald of the Adam Smith Institute advocated for the extension of PDR, which is currently being consulted on by the Government, “to allow for dynamic repurposing of office space into housing”.¹⁷

However, after reviewing the evidence, the Economy Committee is concerned that PDRs pose a risk to the long-term variety and sustainability of the high street. A London High Streets Board would be well placed to ensure that the potential challenges of these regulations are being considered. The Government’s introduction of PDRs in 2013 removed some of the agency local authorities had in deciding where homes are built, specifically in terms of deciding whether properties can be converted from commercial units into housing. This has resulted in many office and non-domestic spaces in the capital being converted by developers into residential properties, as they do not need to submit a full planning application to the local authority.

The Royal Institute of British Architects (RIBA) has stated that PDRs have removed the ability of local authorities to plan properly and respond to local need with regard to the amenities that are provided in an area.¹⁸ Similarly, Shelter has suggested that a lack of control over where

¹⁴ Trust for London, [Planning for a Just City](#), October 2019

¹⁵ HM Government, [Press release: PM: Build, Build, Build](#), June 2020

¹⁶ HM Government, [Press release: PM: Build, Build, Build](#), June 2020

¹⁷ London Assembly Economy Committee – [4 August 2020](#)

¹⁸ Royal Institute of British Architects, [Response to the consultation on planning reform](#)

homes are placed has meant that residences have been built in places with little access to public transport or local services.¹⁹

There are also concerns over the standard of accommodation being provided under PDR, as Laurie Heselden of the Trades Union Congress told the Committee.²⁰ RIBA, in its response to the public consultation on the government proposed changes to PDRs, said: *"It was undoubtedly not the intention of the permitted development policy to create demonstratively substandard accommodation. However, this has clearly been a consequence since it was introduced."*²¹

Additionally, the increase of residential premises on the high street could threaten the viability of existing businesses if local authorities do not retain sufficient oversight of planning. In response to the government's proposed PDRs on high streets, 30 industry organisations warned the government of the potentially damaging impact that such proposals could have. Of particular concern was that increased housing in commercial districts would reduce footfall. This could in turn create a vicious circle: the decreased footfall reduces the viability of remaining businesses, thus increasing the chances that their premises will be vacated and converted to housing, which further reduces footfall and jeopardises the viability of remaining businesses.²²

In April last year, the London Assembly Planning Committee wrote to the Secretary of State for Housing, Communities and Local Government, the Rt Hon Robert Jenrick MP, with a set of recommendations relating to PDR. These were focussed on guaranteeing the quality of housing provided, ensuring that residents have access to transport links, green spaces and amenities, and ensuring that local planning authorities strike the appropriate balance between residential and commercial/office land space demand.²³

¹⁹ Shelter, [If permitted development is the answer, then government is asking the wrong question](#), 22 July 2020

²⁰ London Assembly Economy Committee – [4 August 2020](#)

²¹ Royal Institute of British Architects, [Response to the consultation on planning reform](#)

²² Retail Gazette, [Residential developments could harm high streets, lobby warns](#), 12 February 2021

²³ London Assembly Planning Committee, [Permitted Development Rights \(PDR\)](#), 17 April 2020

Business rates and investment

Recommendation 6

The London High Streets Board must work to ensure that the Government's ongoing reform to business rates delivers for London's businesses, and ask the Mayor to lobby to alternative funding streams to ensure that any change in business rates does not impact investment in London's high streets.

Recommendation 7

The Mayor should advocate for changes to the tax system, to create a level playing field between online and in-person bricks and mortar businesses.

Business rates are a tax on property used for the provision of local services.²⁴ These rates are charged on properties including offices, shops, pubs, and warehouses. Most businesses that occupy a building that is used for non-domestic purposes are required to pay business rates. Business rates are a significant cost for high street businesses, and the Treasury has recognised that the rate of increase in business rates has considerably out-paced inflation, leaving many businesses struggling to maintain profitability.²⁵ Furthermore, London was disproportionately impacted by the 2017 revaluation of business rates in comparison to the rest of the country.²⁶

"Business rates are the thing that concern our members on a day-to-day basis, getting that enormous bill"

**Dominic Curran, Policy Adviser - Property
British Retail Consortium**

Although business rates are used to make improvements such as providing street lighting, improving public spaces and keeping streets clean and safe,²⁷ the Committee has heard that the increasing rates are having a significant negative impact on businesses.²⁸ Business rates leave brick and mortar business at a significant disadvantage in comparison to online retailers, which pay lower rent and business rates, and can operate out of cheaper warehouses.²⁹

²⁴ Islington Council, [Business rates: what they are and what they pay for](#)

²⁵ Treasury Committee, [Impact of business rates on business](#), October 2019

²⁶ London Councils, [Business rates](#), 2 May 2019

²⁷ Islington Council, [Business rates: what they are and what they pay for](#)

²⁸ London Assembly Economy Committee, [COVID-19 and the High Street](#), 8 September 2020

²⁹ Real Business, [Why should a distribution centre pay less in business rates than a book shop?](#), 10 July 2018

“Business rates is, of course, the highest challenge that businesses have been facing before COVID, particularly in a place like Brixton where, with the revaluation that took place probably three years ago now, we have seen an average increase of 60 per cent. That added a major financial pressure on the vast majority of our businesses.”

**Gianluca Rizzo, Manager
Stratford Original BID and Brixton BID**

In March last year, the Government introduced a business rates relief scheme; a welcome measure that has enabled many businesses to stay afloat.³⁰ All retail, hospitality, leisure and tourism businesses were eligible for a year-long exemption from business rates – regardless of their rateable value, and the measure has recently been extended until June 2021 in the recent Budget by the Chancellor of the Exchequer. However, more support is needed for business in the long-term, and the Government's ongoing fundamental review of business rates is seen as central to this long-term survival by many of the experts the Economy Committee engaged with. The review is established with the aims of “reducing the overall burden on businesses, improving the current business rates system, and considering more fundamental changes in the medium-to-long term.”³¹

“In terms of what the Government could do, absolutely business rates reform... From 1 April next year [2021], the business rates holiday for retail, hospitality and leisure at the moment is going to cease. We need to see a continuation of some form of relief... We have some businesses, some members tell us that if business rates go back up to 100 per cent they will be closing up to a third of their stores nationwide... so there will be a very significant impact on employment and on the economic activity of high streets if business rates rise to 100 per cent across the board on 1 April [2021]”

**Dominic Curran, Policy Adviser - Property
British Retail Consortium**

Linked to the fundamental review into business rates, the Government is also considering implementing an online sales tax, which proponents suggest would help to fund business rates reductions for physical retail properties.³² Government intentions in this area were not

³⁰ Ministry of Housing, Communities & Local Government, [Check if your retail, hospitality or leisure business is eligible for business rates relief due to coronavirus \(COVID-19\)](#), March 2020

³¹ Ministry of Housing, Communities & Local Government, [A revaluation of business rates will no longer take place in 2021 to help reduce uncertainty for firms affected by the impacts of coronavirus](#), 6 May 2020

³² HM Treasury, [Business Rates Review: Call for Evidence](#), July 2020

announced in the Spring Budget, as some commentators expected. Whilst there are issues that would need to be considered in implementing such a tax, such as the potential for costs to be passed on to consumers at an uncertain economic time, the ongoing review of business rates nevertheless provides an opportune time for the Government to support the high street by helping to level the playing field between physical and online retailers.

Business Improvement Districts

Recommendation 8

The London High Streets Board should lobby for increased support for BIDs as restrictions are lifted, especially securing financial support to account for the limited ability of businesses to contribute currently.

Recommendation 9

The London High Streets Board should lobby the Mayor and Government for a specific fund for BIDs, to enable them to develop joint websites to promote BIDs to the public.

Business Improvement Districts (BIDs) are defined areas in which a levy is charged on all business rate payers in addition to the business rates bill, to develop projects that will benefit businesses in the local area. Businesses within the proposed area vote in a ballot on whether they support the BID and its projects. If a simple majority agrees, the BID goes ahead, and the levy is charged.³³ The only requirement of the projects that BIDs deliver is that they should be additional to services provided by local authorities. Improvements may include, but are not limited to, extra safety/security, cleansing and environmental measures.³⁴ Currently, there are 66 BIDS in London.³⁵

The relationship between BIDs and high streets is crucial as they bring in benefits to the local area. These include:^{36,37,38}

- Business cost reduction, for example, from reduced crime and joint procurement;
- Increased footfall and staff retention;
- Marketing activity that raises a town or city's profile, e.g. joint websites or voucher schemes;
- Encouraging development and regeneration projects. A BID strives to make a town or city a better place to work, live and visit – developments often encourage more visitors so BIDs strategise to ensure that their area fully maximises the opportunities;
- Environmental and sustainability infrastructure projects, making the location more attractive to visitors;

³³ Gov.uk, [Business Improvement Districts](#), ND.

³⁴ Gov.uk, [Business Improvement Districts](#), ND.

³⁵ Greater London Authority, [Business Improvement Districts](#), 15 May 2020

³⁶ Groundwork, [Business Improvement Districts](#)

³⁷ The Mayor of London, [About Business Improvement Districts](#), ND.

³⁸ Foundation Recruitment, [The Importance of Business Improvement Districts](#), ND.

- Enabling events and projects, to increase footfall and build awareness of the area in which the BID operates.

On 1 May 2020, the Government announced a £6.1 million fund to be paid to local authorities and dispersed to BIDs to spend on projects to support local businesses affected by the pandemic.³⁹ Although the support was welcomed, there were initial concerns that the package – which averages at around £24,000 per BID – may not be enough to aid long-term recovery.⁴⁰

As a result of COVID-19, BIDs have had to adapt their approach so that they can deliver value to businesses and high streets.⁴¹ Businesses within a BID continued to pay in, to ensure the BID could still provide vital support to their local business communities. The BID Foundation says that BIDs have ongoing concerns over the ability to continue delivering improvements to commercial centres during the pandemic.⁴²

As London starts to transition into the recovery phase of the pandemic, BIDs have an important role to play in generating a sense of place and excitement for the businesses and areas that they represent.⁴³ The Committee recognises the need for increased support for BIDs, especially regarding securing financial support to account for limited ability of businesses to contribute currently. Furthermore, there needs to be a renewed focus on BIDs, with increased funding to establish and support BIDs from City Hall, especially as the local businesses who typically fund BIDs will be in such a precarious position for some time.

“We need to see more local authorities working with BIDs and working with the GLA to highlight the issue and also to find innovative ways that we create an experience of why independents are so crucial”.

**Matthew Jaffa, Policy Representative
Federation of Small Businesses**

“There is a really important role and BIDs are probably more necessary and important than they have been for, frankly, many years.”

**Dominic Curran, Policy Adviser – Property
British Retail Consortium**

³⁹ Ministry of Housing, Communities, and Local Government, [£6.1 million funding boost to help high streets and town centres through pandemic](#), May 2020

⁴⁰ London SE1, [SE1's business improvement districts to receive COVID-19 support](#), May 2020

⁴¹ Croydon BID, [CEO Blog - 14th August 2020](#), August 2020

⁴² The BID Foundation, COVID-19: Best Practice Guidance for UK BIDs, 20 March 2020

⁴³ London Assembly Economy Committee, [COVID-19 and the High Street](#), 8 September 2020

“There is a real role for BIDs, boroughs and community groups to come together to curate a space, to have that kind of desirable mix of an offer that attracts people into a locality.”

Jules Pipe CBE, Deputy Mayor for Planning, Regeneration and Skills

Balancing online and offline retail

Recommendation 10

The London High Streets Board, working with the Mayor, should develop a long-term strategy with measurable targets to ensure that London's diverse range of businesses continue to be supported in taking advantage of new technologies and shifts in consumer behaviour that have emerged during the pandemic, including continued support for small businesses for the development of fully functional, easy to use websites and the expansion of click and collect services.

Recommendation 11

The London High Streets Board should strategise for shifts in consumer behaviour at physical stores, including providing support for businesses that meet the growing demand for environmentally-conscious shopping, such as refill or charity stores.

Recommendation 12

The London High Streets Board should drive footfall by ensuring that high streets are people-centred, with public space utilised to provide outdoor seating for hospitality premises and adequate space provided to facilitate last-mile deliveries by cargo bikes and pedestrian couriers.

Recommendation 13

The London High Streets Board must put both daytime and night-time culture at the heart of local high street recovery, and demonstrate how the Mayor's plans will support the culture sector in a transition away from the Culture at Risk Fund and towards long-term recovery.

Recommendation 14

The Mayor should continue to lobby the Government to reverse the decision to end tax-free international shopping.

Most non-essential brick-and-mortar businesses have been significantly affected by the pandemic, threatening the long-term survival of the high street. The closures of non-essential retailers and requests to stay at home has led, unsurprisingly, to a significant increase in online retail activity.⁴⁴ As a result, many offline businesses are turning to online as a means of survival.⁴⁵ However, one of the challenges businesses face is operating their businesses online.⁴⁶

⁴⁴ London Assembly Economy Committee, [Changing nature of work letter to the Mayor](#), 26 January 2021

⁴⁵ The Guardian, ['Being online has helped us survive': how e-commerce can kickstart your small business in lockdown – and beyond](#), 12 June 2020

⁴⁶ London Assembly Economy Committee, [COVID-19 and the High Street](#), 8 September 2020

Once restrictions are lifted and shops have reopened, it is important that high streets are revitalised and are appealing to the public. Promoting a culture that reflects London's diverse communities and taking advantage of emerging trends in offline consumer behaviour are some of the ways high streets can be revitalised. Support is also needed for both the hospitality and the tourism sectors, which have been significantly hit due to social distancing and travel restrictions.^{47,48} It is therefore important that businesses in these industries are supported in the high street recovery process.

"Small businesses have benefited to a great extent from that lack of movement into the centre of cities, London particularly so. At the same time, there are a lot of smaller businesses in central London, who will have seen a huge drop-off in footfall and not had that online presence to at least make up some of that fall in revenue. I think there is a particular issue for smaller businesses in central London who are kind of caught between two stools. They are not in local communities with high levels of footfall and they are not large multiples who have access to the resources to have a significant online presence."

**Dominic Curran, Policy Adviser – Property
British Retail Consortium**

The increase in online shopping

Consumer shopping habits have changed considerably over the last few years, and the growth in online shopping has been dramatically accelerated by the pandemic. In December 2019, online retail accounted for 19 per cent of all retail sales.⁴⁹ By March 2020, online sales had risen to represent 22.3 per cent of all retail sales, with the most recent data showing online retail increasing to 35.2 per cent in January 2021.^{50,51} These trends highlight the importance of providing support to businesses to adapt to the changing nature of consumer habits. The Committee has repeatedly heard from businesses and meeting contributors that they require more assistance to operate online; for example, to build websites and provide click and collect options.

This shift was felt particularly acutely over the Christmas period, as the Committee identified in its investigation into COVID-19 and London's Christmas economy.⁵² In December, London was placed in Tier 4, following concerns about a new, more transmissible strain of the virus (known as the Kent variant) which found its way quickly into London. With Christmas looming, high streets and shopping centres continued to see a substantial decline in footfall. Between the end

⁴⁷ The Guardian, [Covid-hit UK hotels unlikely to recover for four years, says PwC](#), 27 October 2020

⁴⁸ City A.M., [Five charts that show the impact of Covid-19 on the tourism industry](#), 15 February 2021

⁴⁹ Office for National Statistics, [Retail sales, Great Britain: December 2019](#), January 2020

⁵⁰ Office for National Statistics, [Retail sales, Great Britain: March 2020](#), April 2020

⁵¹ Office for National Statistics, [Retail sales, Great Britain: January 2021](#), February 2021

⁵² London Assembly Economy Committee, [Has the Golden Goose become a Turkey? London's Christmas economy and COVID-19](#), December 2020

of November 2020 and the beginning of January 2021, footfall reduced significantly compared to the same period in the previous year.⁵³ For the Greater London region, this reduction amounted to 39.3 per cent, and in the heart of the city footfall was down 57.8 per cent.⁵⁴ The Christmas trading period is important to the success of London's high streets, helping businesses sustain themselves through January and February when trading is quieter. It is evident that the challenges faced by high streets, including enhanced social distancing measures, the number of Londoners who became infected with the virus, apprehension about using public transport and, of course, changing consumer habits, were amplified during the Christmas trading period.

The Committee conducted a survey, which found that 2 in 5 Londoners were planning to do all of their Christmas shopping online and only 1 in 10 planned to do all of their Christmas shopping in-store.⁵⁵ The Committee recommended that the Mayor should support businesses to get trading online.⁵⁶ In his response to the Christmas economy report, the Mayor told the Committee that he is helping businesses to operate online through his Back to Business Fund.⁵⁷

The decline in footfall, and using culture to revitalise London's high streets

The growth in online retail is coupled with the general decline in customer footfall, due to factors including the shift towards remote working. The Centre for Cities equates such a decline in footfall with businesses, particularly those based in offices, enabling more workers to work from home.⁵⁸ Reduced footfall leads to reduced high street income, which in turn risks the viability of high street businesses. Central London businesses are particularly vulnerable, due to their reliance on commuters as a key part of their customer base. The loss of tourists has compounded the problem in central London.

A key challenge that high street businesses have faced is the need to adapt their business models to adhere to social distancing measures. Last September, the Committee heard about the difficulties the high street is facing as a result of the pandemic and the subsequent public health measures that have been put in place. James Smith, Research Director at the Resolution Foundation, has stated that social distancing has huge implications for sectors such as retail, hospitality, tourism, and leisure.⁵⁹ In June, Kate Nicholls, CEO of UKHospitality, highlighted the challenges businesses in hospitality would face in adopting social distancing measures, noting that even one-metre social distancing requirement would see businesses being able to trade at a maximum of 70 per cent capacity.⁶⁰

⁵³ London Assembly Economy Committee, [Changing nature of work letter to the Mayor](#), 26 January 2021

⁵⁴ BRC-Shoppertrak Footfall Monitor, December 2020

⁵⁵ London Assembly Economy Committee, [Has the Golden Goose become a Turkey? London's Christmas economy and COVID-19](#), December 2020

⁵⁶ London Assembly Economy Committee, [Has the Golden Goose become a Turkey? London's Christmas economy and COVID-19](#), December 2020

⁵⁷ Mayor of London, [Back to Business Fund](#).

⁵⁸ Centre for Cities, [Why working from home hurts the high street](#), July 2020

⁵⁹ Resolution Foundation, [£30 billion 'High Street Voucher' scheme could kickstart Britain's recovery](#), July 2020

⁶⁰ Big Hospitality, [Restaurants and pubs can reopen on 4 July, with less than two metre distancing, says Government](#), July 2020

In January 2021, following the first month in the third lockdown, footfall declined 65.6 per cent compared with a decline of 41.9 per cent in December.⁶¹ In particular, high streets and shopping centres suffered significantly, where footfall fell 72.6 per cent.⁶² From 13 February 2020 to 2 February 2021, the Centre for Cities' high streets recovery tracker ranked London in the bottom ten (out of all UK cities and towns analysed by the tracker) in terms of the extent to which high street footfall has returned to pre-pandemic levels, and in the bottom ten for high street spend.⁶³ As restrictions are planned to ease later in the year (subject to pandemic indicators justifying this), and with the Government's roadmap anticipating a removal of all social distancing requirements by the end of June, generating footfall will be pivotal to the recovery of London's high streets, especially in those sectors most affected by the pandemic. The Committee heard last year that when restrictions ease, generating footfall is amongst the top priorities, when supporting businesses to reopen.

"What we really need from the Mayor's team is activity that will generate footfall, both outer Londoners being encouraged to come back into London and domestic tourist visits coming back into London, while we are going to have a protracted and longstanding drop in international tourism numbers for what is going to be well over a year. That is more a tourist answer, but our high street hospitality businesses in and around London are really needing footfall drivers and direct push to get people back into those businesses."

**Kate Nicholls, Chief Executive
UKHospitality**

To help generate footfall to levels before the pandemic, high streets needed to be attractive places to visit. One way of doing this is through protecting and promoting culture on the high street that reflects London's diverse communities, and through taking advantage of emerging trends in offline consumer behaviour, such as the drive towards lower environmental impact retail, as identified by Deloitte as a key retail trend for 2021.⁶⁴ The High Streets Board should consider how to harness new trends in behaviour such as this to drive footfall on the high-street, for example by encouraging and supporting eco-friendly refill stores.

"Culture is going to be a key part of our recovery, as is tourism if we are looking at London as a whole."

**Kate Nicholls, Chief Executive
UKHospitality**

⁶¹ Retail Week, [Retail footfall slides in January amid UK's third lockdown](#), 4 February 2021

⁶² Retail Week, [Retail footfall slides in January amid UK's third lockdown](#), 4 February 2021

⁶³ Centre for Cities, [High Streets Recovery Tracker](#), August 2020

⁶⁴ Deloitte, [Retail Trends 2021](#)

In 2017, the Economy Committee published its *Rewrite the Night* report, focused on the importance of the night-time economy in driving job creation and diverse cultural activity. The report states that a culture-led approach has helped to revive and regenerate local high streets and town centres. The Committee heard from Councillor Clare Coghill (Leader, London Borough of Waltham Forest) that, following the creation of The Scene in Waltham Forest, a mixed-use development featuring a nine-screen multiplex Empire cinema, several restaurants and 121 mixed tenure apartments, visitor numbers had improved substantially.⁶⁵ This evidence provides an example of how culture can be used to promote footfall in London. The Arts Council also suggests that showing the importance of these spaces is important when re-animating local economies, as London emerges from the COVID-19 pandemic.⁶⁶

Footfall can also be driven by creative use of the public realm to improve visitor experience. The Committee heard that increased outdoor seating for cafes, bars and restaurants can be a particularly effective way to achieve this, and that creating an outdoor culture more often associated with European cities can generate improved interest and engagement in the high street.

"...use public spaces and the public realm more creatively to generate that footfall, to bring people in and to encourage people to look at what you are doing."

**Kate Nicholls, Chief Executive
UKHospitality**

To further improve the experience for visitors to the high street, reduced numbers of motorised delivery vehicles can be achieved by increasing provision for last-mile cargo and pedestrian couriers. These can help to reduce traffic and improve air quality on London's high streets, making them a more attractive and healthier place to visit.

"We are looking - and I know that many London boroughs are doing that - at maybe alternative green last mile solutions for businesses."

**Gianluca Rizzo, Manager
Stratford Original BID and Brixton BID**

⁶⁵ London Assembly Economy Committee, [Rewrite the night: the future of London's night-time economy](#), February 2017

⁶⁶ The Arts Council, [Arts and Place Shaping: Evidence review](#), 11 September 2020

Protecting the hospitality and tourism industries

As much as the reduced income from office workers staying at home has impacted London's centre, the lost revenue from tourism has been incredibly significant, particularly in the CAZ. Data from the GLA estimated a £10.9 billion loss in tourism expenditure in the CAZ across 2020, with £3.5 billion lost from domestic tourism and £7.4 billion lost from international tourists. This compares to a £1.9 billion loss in expenditure from commuters to the CAZ.⁶⁷

"We have lost almost all our international tourists and we have lost all of our business travellers. For central London hospitality businesses, about 60 per cent to 70 per cent of their normal revenues come from that type of activity."

**Kate Nicholls, Chief Executive
UKHospitality**

The pausing of the tourism industry has hit hospitality particularly hard, and the Chancellor's decision to further extend the VAT cut for the hospitality sector in the March 2021 budget is extremely welcome. This extension was called for by the Economy Committee in its December 'COVID-19 and the Christmas Economy' report. However, as was also identified in that report, to further stimulate London's recovery through tourism, and deliver the subsequent benefits that this would bring to London's hospitality sector in particular, the Committee reiterates its call for the Mayor to lobby Government to reverse the decision to end tax-free international shopping.

"The other big issue, which colleagues will be aware of, is tax-free shopping, this disastrous decision to take us out at the worst possible timing, which we do not need to do. The Chancellor currently is taking us out of tax-free shopping on 1 January [2021]. We will be the only country in Europe that will not have this benefit anymore. It is an almighty impact, not just to retail but to the airlines and hospitality. Outside of London and inside London, there are 120,000 manufacturing jobs that rely on that. We do know that our key markets, tourism markets that are so crucial to London - the Middle East, Far East - are highly price-sensitive. When they can go to Paris for 20% off, they are going to go there. Also, UK visitors will not come to London; they will go to Paris and Europe because, again, they can buy 20% cheaper. There is a knock-on effect of this."

**Jace Tyrrell, Chief Executive
New West End Company**

⁶⁷ GLA Economics, [Lost worker vs. tourism expenditure in the Central Activities Zone \(CAZ\)](#), October 2020

In his response to the Committee, the Mayor stated that he had written to the Government on the decision to end tax-free international shopping and would continue to work with business leaders to raise the matter. It is vital that the Mayor continues to do everything in his power to advocate on behalf of London's tourism, hospitality and retail sectors on this issue.

Other formats and languages

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Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

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Urdu

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Arabic

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