
**Manchester City Council
Report for Information**

Report To: Economy Scrutiny Committee – 9 January 2013

Subject: The Portas Review of High Streets

Report of: Assistant Chief Executive, Regeneration

Summary

This paper provides an overview of the Central Government and Manchester responses to the Portas Review of High Streets, published in December 2011. It looks at some of the activity that is already underway in Manchester, how appropriate some of the recommendations of the Portas Review are for the city's district centres, and where there are challenges to implementation.

Recommendations

Members are requested to note and comment on this report.

Wards Affected:

All

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Background documents (available for inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Department for Business, Innovation and Skills, 'Understanding High Street Performance', December 2011

Mary Portas, 'The Portas Review: An Independent Review into the Future of our High Streets', December 2011

Department for Communities and Local Government, 'High Streets at the Heart of our Communities: The Government's response to the Mary Portas Review', March 2012

Department for Communities and Local Government, 'National Planning Policy Framework', March 2012

1 Introduction

1.1 This paper provides an overview of the Portas Review of High Streets of December 2011, which details the causes of the decline in high streets and the performance indicators that evidence this decline. The paper explores how central government has responded so far to the Portas Review. It examines what is already being delivered in Manchester to support and strengthen district centres, and how the Council and partners are responding to some of the recommendations of the Portas Review. The paper highlights some of the challenges which have become apparent in implementing the recommendations. It concludes with some recommendations as to how the City Council and its partners can further support district centres and what the priorities could be for the next 12 months.

2 Background

2.1 In December 2011, the Department for Business, Innovation and Skills (BIS) published the report 'Understanding High Street Performance' which explored the factors impacting on the economic and social performance of high streets and acted as the basis for the Portas Review. Key findings of this report included:

- a fall in spending on high streets from 49.4% in 2000 to 42.5% in 2011, with out of town sales increasing from 28.1% to 31.5% - and the latter figure expected to continue to rise.
- The number of town centre stores had fallen by almost 15,000 between 2000 and 2009.
- In the last decade, out of town retail floorspace had risen by 30% whilst in-town has fallen by 14%.
- Nearly one in six shops were vacant.
- Supermarkets are increasingly diversifying into non-food sales, with one third of supermarket floorspace allocated to non-food (e.g. clothes, pharmacy, opticians).

2.2 The BIS paper identified a number of factors which have influenced the decline in high streets. These included:

- Externalities – the public sector spending cuts have squeezed consumer spending and household income, reducing demand for goods and services.
- Market forces and competition – evidence suggests that consumers are voting with their feet by shopping in retail parks and supermarkets over the high street. Internet shopping is also increasing competition to the high street.
- Physical factors – large out-of-town retail stores and multi-level shopping centres now dominate the market to the detriment of the traditional linear high street.

- Regulation and legislation – the view is that ‘town centre first’ policies have not been sufficient to create thriving town centres, with the argument that the current planning system doesn’t do enough to support the high street.
- Management – whilst large out of town retail centres and supermarkets have effective management systems in place, there is the view that high streets have lacked this management and are harder to control.

2.3 Mary Portas was appointed by the Government to carry out a review into high streets and town centres. The Portas Review, published in December 2011, was commissioned as a means of identifying recommendations through which England’s city, town and district centres could be improved, regenerated and rejuvenated. It aimed to respond to the swathe of challenges facing high streets, in terms of their physical make-up, characteristics and use. The BIS paper provided input into the Portas Review.

2.4 In response to what the BIS paper and Mary Portas see as the main causes of the decline of high streets, the Portas Review sets out a range of recommendations across a number of areas including regulation, planning, landlords, transport, community involvement and co-ordination. The Review is structured around the following key areas:

- Getting town centres running like businesses
- Getting the basics right to allow businesses to flourish
- Levelling the playing field
- Defining landlords roles and responsibilities
- Giving communities a greater say
- Re-imagining our high streets

3 The Government response to the Portas Review

3.1 The Department for Communities and Local Government formally responded to the Portas Review in March 2012 and outlined how it will put in place, facilitate or support many of the recommendations. The government response has been grouped below into three main themes for the purpose of this report.

3.2 Firstly a series of **funding streams** for town and district centres have been launched. Local authorities and partners have been asked to demonstrate ideas which will develop their high street and open it up to a wider range of uses. The following funding streams have been made available:

- Portas Pilots - Twenty seven localities in the UK have been awarded Portas Pilot status, each receiving around £100,000. These localities will pilot many of the wider recommendations of the Portas Review by creating innovative and new ideas to breathe life into their high streets.
- High Street Innovation Fund - One hundred localities have been awarded £100,000 each from the High Street Innovation Fund. Awards were made to Local Authorities based on business unit vacancy rates and those impacted by the riots in summer 2011. The purpose of this fund is to enable local

authorities and landlords to bring shops and other units on the high street back into use; thus supporting new business creation and development. The Fund is designed to be flexible to enable authorities to meet the needs of their individual areas.

- Future High Street X-Fund - The Future High Street X-Fund will be awarded in March 2013 to the localities which have delivered the most effective and creative schemes to revitalise their high streets.

3.3 The Government has also responded by encouraging towns and district centres to **develop cross-agency, landlord, retailer and community partnerships**, and promote a more defined role for these teams in high street policy-making and responses. Particular responses have included:

- Town Teams - The Government has encouraged the development of Town Teams in hundreds of town and district centres. Town Teams which have already been developed include local authority, business, and community representation, with a remit to identify how their high streets can become the 'beating heart of the community' thus offering a range of services beyond retail; work with the local authority to take advantage of the other Portas Review recommendations; identify how they can stimulate greater quality evening use; consider how they can make more imaginative use of public spaces in and around high streets
- Town Team Pledge - Around 400 Town Teams have already been created across England. With demand for Portas Pilot status high and with only 27 achieving such status, the Government has introduced a further package of support for those which sign up to become a Town Team Partner. The package of support includes: access to events and workshops addressing key challenges facing struggling town centres; direct mentoring support from experts; membership of a Town Team network and learn from other localities. Each Town Team has also been awarded £10,000 to kick start activity. The Association of Town Centre Management, alongside the British Council of Shopping Centres, the British Retail Consortium, and the British Property Foundation, have all been commissioned to facilitate the online network and provide support in progressing proposals for improvement.
- The Department for Communities and Local Government has introduced further funding to encourage partnerships between traders. The Enterprise Business Connectors Scheme, which is run by Business in the Community (BITC), seeks to help small businesses in disadvantaged communities to survive by encouraging partnerships with large local firms. It is anticipated that any support will largely come through mentoring and business-to-business voluntary advice. Through the scheme a senior member of staff from a large business is 'matched' with a disadvantaged community and works with the local authority and partners to identify key local priorities for the partnership.

3.4 The Government has responded to some of the recommendations through **policy changes** and attempting to **reduce bureaucracy**:

- The National Planning Policy Framework (NPPF) was published in March 2012 and is the Government's key reform to make the planning system less complex and more accessible. There are a number of elements of the NPPF which have been shaped by the Portas recommendations, and which aim to reduce some of the bureaucracy associated with high street improvements. The NPPF sets out policies for promoting town centres, including the adoption of a sequential approach to development. Any proposals for planning will have to direct retail, leisure and office development to town centres first.
- Article 4 directions are designed to provide Local Authorities with a tool to control certain uses, for example betting shops, by removing permitted development rights and requiring a planning application to be made. Article 4 directions no longer need to be approved by the Secretary of State, making them more responsive to the needs of the community.
- The NPPF also sets out reforms for car parking charges in town centres. It removes restrictions on the maximum number of parking spaces in new non-residential developments. It suggests that local authorities should set appropriate parking charges that do not undermine the vitality of town centres.
- The NPPF makes it more straightforward for market traders to set up business in town centres. It states that local authorities should view markets as an integral part of the vision for their town centres, with the NPPF providing policies to retain, enhance and promote new markets in town centres. The Government plans to issue a consultation on draft regulations to make it easier for people to set up and conduct legitimate business on the street.
- The Localism Act of 2011 gives local authorities new powers to introduce and fund local business rate subsidies as they see fit. The government sees that local authorities should start to use this discretionary power to provide business rate subsidies to small businesses, particularly independent retailers. Aside from the Localism Act, the Government has also doubled the rate of small business rate relief throughout 2012/13.
- The Local Government Finance Act of 2012 also provides new legislation to enable local authorities to retain a proportion of the business rates which they collect. This provides a further incentive, in addition to those in the Portas Review, to bring empty units into use and make their high streets more attractive to enable growth.

4 Manchester's District Centres

- 4.1** Manchester's Core Strategy sees district centres as a key economic asset. District Centre Plans and associated partnerships have been established in most district centres, and these act as material considerations when planning decisions are made. Development of plans for Northenden, Chorlton, Fallowfield, Withington, Wythenshawe, Levenshulme and Newton Heath have been led by the Neighbourhood Regeneration Teams in conjunction with local stakeholders, and delivery arrangements are currently in place, with the

Neighbourhood Delivery Teams providing joined-up environmental and crime services. District Centre Plans for Cheetham Hill, Moston Lane and North City (covering Harpurhey) are in development and are due to be signed off in early 2013.

4.2 In July 2011, the Council's Policy Team and Economic Development Unit carried out a piece of work exploring the current situation in Manchester's district centres, using a combination of available data and information from the Neighbourhood Regeneration Teams. This research found a mixed picture across district centres, but generally the centres had held up reasonably well against the pressures caused by the recession. Vacancy rates varied from 0% in Wythenshawe town centre to 17% in Levenshulme. Most district centres were seeing some level of public sector intervention, ranging from large public service developments to local events and marketing. Common problems related to the rising number of planning applications from takeaways, shisha bars and betting shops, and some of the impacts that these types of uses were having on the image and use of district centres such as increased litter and anti-social behaviour.

4.3 One outcome of the above work was further exploration of the issues affecting Levenshulme, Cheetham Hill and Rusholme district centres, since these were found to have relatively poor performance compared with other centres. A further review in December 2011 included analysis of the three centres by vacancy rates, retail breakdown, independent/ multiple retail use, accessibility, parking, public services, events/ community activities, and crime. Some headline findings were that:

- Vacancy rates were 16% in Cheetham; 19% in Levenshulme; and 12% in Rusholme.
- The mix of retail use was broken down into comparison (e.g. clothes, hardware) and convenience (e.g. groceries, newsagents). Levenshulme and Rusholme had the same breakdown of 71% comparison and 29% convenience. The breakdown for Cheetham was markedly different at 8% comparison and 92% convenience.
- Car parking spaces available (either public or within retail units): 754 in Cheetham, 220 in Levenshulme and 322 in Rusholme.

5 Manchester's response to the Portas Review

5.1 Manchester's response to the Portas Review is detailed below under the themes of the Government's response in section 4 of this report.

5.2 In response to the **funding streams** made available through central government:

Portas Pilot bids were submitted for Levenshulme and Cheetham district centres, which were both unsuccessful. The City Council and the Work & Skills Board subsequently agreed to provide £50k for each of Cheetham, Levenshulme and Rusholme district centres, as they had been identified as relatively poorly performing

in research undertaken by Council officers. For Cheetham and Levenshulme this will help realise some of the aspirations of the unsuccessful Portas Pilot bids.

The City Council was awarded £100,000 through the High Street Innovation Fund, which it has matched with a further £100,000. Use of this fund is being focused upon bringing empty units in district centres back into use. The City Council can pay 50% of one year's business rates bill to new businesses and organisations moving into empty units, with the remainder expected to be paid by the existing landlord to encourage the property to be brought back into use. The benefit to the landlord is that they will no longer be liable for full business rates and will be matched with a new tenant. Businesses matched with empty units will be offered support via the Blue Orchid Business Start Up Support project. Potential businesses are being identified via a number of routes, including business networks and membership organisations, and the Universities. Some examples of proposals currently being developed include work to improve the offer at Levenshulme Antiques Village and the development of a cultural community venue in an empty unit in Cheetham district centre.

The City Council is also exploring demand for 'pop-up' and meanwhile use of empty units, which could provide businesses with an opportunity to test trade, and community groups with an opportunity to utilise the units. This would also be managed via business rates subsidies, and by working with landlords of empty units to promote shorter term and more flexible leases.

The City Council has decided not to submit a bid for the X fund since the work being delivered in Cheetham and Rusholme is in its early stages, and the bidding process makes it clear that substantial work needs to have been carried out in order for it to act as best practice for other areas.

5.3 In response to the call to **develop cross-agency, landlord, retailer and community partnerships in the Portas Review:**

- The Council has already established partnerships in a number of district centres across the city with the development of District Centre Plans, and the Neighbourhood Regeneration Teams and Neighbourhood Delivery Teams, along with other departments such as Manchester Markets, work closely on a locality basis to support district centres and promote activity and development.
- Rusholme has in place a strong District Centre Partnership. Its priority is parking improvements, which was identified as the most pressing need and its resolution will have a direct positive impact on the district centre. Improvements will provide more short stay parking within the district centre.
- Intervention in Cheetham will include promotion of the centre as a unique place to visit and build on its strong heritage and diversity. This will include branding and marketing activity under the 'unique Cheetham' banner. Cheetham did not previously have a strong partnership in place so a key action will be to develop a Town Team which will include more active trader representation. The Neighbourhood Delivery Team is also working with traders around rubbish and environmental considerations.

- Levenshulme already had in place a District Centre Partnership prior to the Portas Review. The Partnership is undertaking a number of activities which are designed to improve the perception of Levenshulme as a place to visit and shop. Interventions are largely focused around marketing and providing the locality with a unique identity, using both physical and social media to engage residents, visitors and businesses through providing information and promoting the initiative. They are also seeking to build upon an existing Levenshulme Traders' Association website to promote the offer of the district centre and develop an interactive map. The Portas Review and funding has given the Partnership the impetus to develop a regular monthly market. Stalls are offered on a low cost basis, with the market twinned with a 'hidden gem trail', with visitors pointed towards Levenshulme's shops and cafes, historical buildings, and art and music venues.
- Because they were unsuccessful in the first round bids for the Portas Pilots, Levenshulme and Cheetham were eligible to apply for Town Team status through their MPs. Their applications for Town Team status with the Department for Communities and Local Government, means they will receive support, and be eligible to take part in workshops and events. They have also received the £10,000 grant from government.
- The Economic Development Unit and the Neighbourhood Regeneration Teams worked with two of the Business in the Community (BITC) Business Connectors in North and Central Manchester during 2012. The Connectors worked with local small businesses with a focus on Corporate Social Responsibility (CSR), and a legacy of this in Central Manchester is an established Business Network which meets regularly and offers CSR and support opportunities to member businesses. The City Council has submitted an expression of interest to BITC for further Business Connectors in 2013, and some of the Neighbourhood Regeneration Team proposals for this include raising the profile of high streets, working with landlords of high street properties, and encouraging joint working between local traders. It is anticipated that a Connector will be matched with North and Central Regeneration Areas in January/ February 2013, with Connectors for the remaining Regeneration Areas matched as they are recruited to the scheme.
- The Council has recently commissioned Blue Orchid to run Enterprise Clubs in each of the Library Business Information Points across the city. The aim of these clubs is to offer businesses and those considering starting a business, a range of speakers and workshops which will be responsive to their needs; networking opportunities; and a forum to meet with support services. These have been established partly in response to the pressure on high street businesses, and also due to the lack of support available to retailers and more established businesses through the mainstream business support provision because of European Regional Development Fund restrictions. The first Enterprise Club was established in Chorlton Library and three events have been delivered since July 2011. These have been well attended by local businesses, including retailers who also recently organised a successful Christmas lights switch on event in Chorlton district centre. More local, targeted support is also being delivered within district and local centres. South

Manchester Neighbourhood Regeneration Team recently commissioned specialist retail support for Levenshulme traders and there are plans to replicate this in Cheetham Hill.

5.4 In response to some of the recommendations relating to **policy changes** and **reducing bureaucracy**:

- The Council, through its dedicated Markets Team, has already been working hard in recent years to diversify the market offer of district centres. The Markets Team work in partnership with the Neighbourhood Regeneration Teams to link markets to wider regeneration priorities, with street markets organised in Northenden, Levenshulme, West Didsbury, and Withington. These markets have provided a mix of food and craft products, with Manchester Markets providing a grant to new traders to encourage them to set up stalls, which helped to attract 55 new traders to the Levenshulme street market. The team has also incentivised market trading through offering free rents for short periods of time for new entrepreneurs and shorter term leases with break clauses.
- The strategic importance of markets to both the city centre and the vitality of district centres is reflected in data. Whilst the number of outdoor market traders and indoor market traders nationally has reduced by 34% and 24% respectively; demand for stalls in Manchester and the number of traders is strong. Although the quality of markets across the City is variable, Manchester is increasingly recognised as a best practice locality when it comes to market development and diversification, and is regularly asked to provide evidence and best practice to the National Association of British Market Authorities and the National Market Traders Federation, and also government ministers.
- Businesses can apply online via the Council's website for Small Business Rates Relief. The Business rates team undertook a comprehensive engagement campaign with all businesses eligible for Small Business Rates Relief in late 2009/early 2010 to promote the support available. The additional Small Business Rates Relief support does not extend the numbers of businesses eligible for support, rather the amount available to them. The Council has therefore continued to promote the scheme when sending out business rates information to new tenants as well as in the annual business rates letters sent out to all businesses.

6 Challenges

6.1 As part our membership, CLES has recently analysed some of the problems and challenges that have arisen locally in responding to the Portas Review. These range from practical problems to more policy oriented issues:

- There is a key challenge in engaging with landlords of empty properties. There was very low response from landlords to a recent mail shot inviting them to take advantage of the offer from the Council for the High Street Innovation Fund, offering to match a new business with their empty units, with the incentive of a business rate subsidy. This is a problem for the Council in

that it is difficult to assess demand for new use before engaging with existing landlords.

- The aspirations and recommendations of the Portas Review are moving at a quicker pace than primary legislation. This is particularly the case for recommendations focused upon reducing bureaucracy around business rates retention and planning.
- The £100,000 provided for local authorities through the High Street Innovation Fund is nowhere near the amount required to tackle some of the deep rooted challenges facing district centres. As well as economic factors, retail units are empty for a reason and that is their often poor physical look and condition. Stimulating demand through business rate subsidies also therefore needs to be matched with wider investment, through private sector relationships, in the physical appearance of district centres. There is also an assumption in the Portas Review that market teams have a core budget. This is not always the case and any improvement is based upon turnover derived through rents and market development
- One of the key recommendations from Portas around markets is to 'make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not'. This is at odds with the strategy of the Manchester Markets Team which has sought to remove any poor quality and rogue trade from markets. The recommendation may simply exacerbate challenges facing district centres and markets by bringing forward unsuitable traders as opposed to enhancing vitality
- The review poses a couple of recommendations around consideration at a national and local level as to whether business rates can better support small retailers, and the use of discretionary powers to give business rate concessions to new business. There is a challenge in these in that small business rate relief already exists in terms of discretion on the basis of deprivation or hardship, with only a small number of applications approved each year. Additionally, there is generally a misconception amongst business of what happens to business rates; commonly businesses think wrongly that local government has responsibility for rate levels and redistribution.
- The way in which business rates policy operates at a central government level is at odds with the recommendations of the Portas Review and the priorities in relation to the regeneration of district centres. Local Authorities do not currently have the required flexibility to offer subsidies on rates or any role in redistribution. Additionally, the postponement of the re-evaluation of business rate levies which were last set in 2008 presents a serious challenge for small independent retailers as levies were set and fixed using pre-recession market rates. The response of the Business Rates Team in relation to Portas has therefore been affected by the wider legislative framework.

7 Conclusion

- 7.1** The Portas Review was published at a time of economic recession and with many of Britain's high streets suffering from evidenced decline. The Review has stimulated much discussion nationally and locally. It has provided additional impetus within Manchester for the strengthening of existing district centre partnerships, or where appropriate the establishment of new ones. Thus there is the basis for positive action taking place to improve the vitality of the centres. The funding provided through the High Street Innovation Fund and the match funding from the Council has kick started some initiatives, however these interventions alone cannot tackle the heart of the issues.
- 7.2** The Portas Review does raise many issues which can only be dealt with on a national level by government, and indeed many of these need to be addressed in order to get to the root of the issues affecting high streets. It also raises the point that high streets will never be what they were decades ago, for example the rapid growth of internet sales has changed how people shop. This means that Manchester needs to rethink what its district centres offer to residents and visitors, and look at individual district centre strengths on a case-by-case basis. This should include non-retail uses such as leisure and services. There is also an argument that it should be recognised when a district centre is not able to achieve the size or function that it once had, and being realistic about its future size and status and managing that change effectively.
- 7.3** The City Council and our partners need to continue to strengthen partnerships in district centres to ensure a coordinated approach to management and development of the centres. Partners could include local community groups; local traders; Members; Neighbourhood Regeneration and Neighbourhood Delivery Teams; Parking team; Manchester Markets; Planning; Third Sector Team; Business Rates team. Through these partnerships, the Council can approach the new powers promoted through the Portas Review.
- 7.4** The Council and partners should continue dialogue with central government over what is already being delivered in Manchester and what is needed in terms of national legislation and policy to improve the situation in its high streets. This should include lobbying for additional resource as identified, and gathering evidence to inform future policy, particularly related to planning and business rates.
- 7.5** The Portas Review has some useful recommendations which the Council and its partners can implement, however it seems that the Review is more suited to a smaller town and not to a large city such as Manchester which has a strong city centre and a number of smaller district centres.