

Debate on high streets and town centres in 2030

House of Commons

13 June 2019



Key messages

- Shopping and retail continue to underpin the value and purpose of town centres. This is despite unprecedented changes taking place, such as the increase in online shopping which has led to the demise of many high street brands.
- Councils have a responsibility for the economic and social wellbeing of the places and communities they serve. They are already helping town centres to manage economic change and where necessary to rebalance their purpose. This has included offering support to local businesses and investing in the town centre assets, including the public realm.
- The Future High Streets fund is a step in the right direction. It will help local areas to prepare long-term strategies for their high streets and town centres.
- We welcome the Housing, Communities and Local Government Committee's recommendation that the business rates system needs to be modernised to ensure online business make a fair contribution. Business rates should also be localised so councils can do more to support small businesses, boost high streets, as well as set rates and discounts to reflect the local economy.
- Councils need more powers and flexibility in relation to planning and licensing to help shape and deliver vibrant town centres, including the reform of compulsory purchase powers.
- With local government facing an £8 billion funding gap by 2025, the ability of councils to support their town centres is constrained as they prioritise their resources on vital statutory services. We are calling on the Government to provide long-term, sustainable funding for local authorities in the Spending Review.

Briefing

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FURTHER INFORMATION

The information below provides further detail on a variety of issues relating to our high streets. We submitted evidence to the Housing, Communities and Local Government Committee's inquiry into high streets and town centres in 2030ⁱ and more recently submitted to the Treasury Committee inquiry into the impact of business rates on businessⁱⁱ.

Future High Streets Fund

We agree with the Housing, Communities and Local Government Committee that the Future High Streets Fund is the right approach in revitalising our town centres. It is important that the bidding process is kept proportionate and councils have full flexibility over how this funding is spent as each place will require different solutions to their unique circumstances.

Business rates

Councils want to see a system that is responsive to local needs, fair for all and promotes growth through incentives. We are calling for councils to have greater flexibility in the support they can offer local business and the local rate setting. This would give councils a more secure revenue stream which will keep up with demands and the financial pressures local government is facing.

It is important that taxation should be fair for both high street and online businesses. We therefore welcomed the proposed digital services tax as a first step to taking measures on retailers who may not pay business rates on retail premises. The funds raised could then be used to fund local services.

Planning

- **Powers**

Councils play a crucial role in delivering the long-term vision for town centres and high streets. They approve 9 in 10 planning applications and in almost 70 per cent of planning appeal cases, the Planning Inspectorate upholds councils' decisionsⁱⁱⁱ. However they are hampered by insufficient resources. LGA analysis from 2019 showed that taxpayers are subsidising the cost of processing planning applications at a rate of around £200 million a year^{iv}. It is therefore more critical than ever that a suitable mechanism is identified to ensure a sustainable funding stream for good quality, proactive planning. Council planning departments could become self-financing through allowing councils to set planning fees locally. In advance of the above arrangements being put in place, the additional 20 per cent national planning fees increase consulted on in 2017 should be introduced as soon as possible.

- **Permitted development**

We agree with the Committee that permitted development rights (PDR) risk undermining the strategic vision a community has developed for its high street or town centre, and any further extension of PDRs should be suspended. PDRs are

also taking away the ability to ensure homes are built to high standards with the necessary infrastructure in place and the introduction of the prior notification scheme has led to an increased workload for planning officers, resulting in a loss of income for councils. Any continuation of this must see councils properly resourced.

It was disappointing that the Government chose to extend permitted development rules last month (May 2019). In our response to the Government's consultation on the National Planning Policy Framework, the LGA argued that permitted development rights, which allow the change of use from a number of different types to residential use, should be removed. These have a number of unintended consequences such as reducing the number of commercial premises in town centers, creating housing in unsustainable locations and reducing the levels of housing. Development made through permitted development does not provide a contribution to local infrastructure or meet local housing needs. It can also have the effect of depopulating town centres during the day, which impacts on retail and service sector businesses^v. We have called for an independent review^{vi} to be carried out on the impact of permitted development on residents and businesses.

We were pleased that the Government has listened to councils' concerns relating to the proliferation of telephone kiosks in our town and city centres, which has been impacting upon councils' local economic growth ambitions and the pedestrian experience of residents and visitors. The new regulations will ensure that future applications for public call boxes can be considered through a full planning application process, so that all material planning considerations can be taken into account when deciding to grant or refuse planning permission.

- **Compulsory purchase powers**

We agree with the HCLG Committee that compulsory purchase powers are an essential tool for local authorities acquiring and assembling land as part of high street regeneration. However the process is cumbersome and expensive, and councils would like to see further reform to make it clearer, faster and fairer. The Committee's recommendation that the review of the Compulsory Purchase Order begins immediately is therefore welcome.

There are a number of which could improve the process. These include amending the Land Compensation Act to enable councils to acquire land at close to existing use value, streamlining of the legislative provisions of the process and stronger compulsory purchase powers where planning permissions have expired and development has not commenced. We look forward to contributing to the Government review when it is launched.

- **Clustering**

Over the past few years there has been concern about the 'clustering' of certain types of shops, with hot-food takeaways and betting shops being the most notable examples. These can be unattractive to residents, shoppers and businesses and in some cases have detrimental social and wellbeing impacts on local communities. The changes to planning laws in 2015 which meant any new betting

shop must apply for full planning permission were welcomed, but came too late to impact the clusters that had already developed.

We would like to identify ways councils could influence the diversity of their town centres to better meet the needs of the local community. Councils should be able to influence existing outlets which may be detrimental to the broader well-being of high streets and town centres and the communities they serve. They should also be able to have control over local issues through a locally-led planning framework. This would mean councils could have more control over clusters developing in the first place which do not meet the needs of the local economy.

We have also called for stronger powers to control junk food advertising to reduce children's exposure to unhealthy food and drinks high in salt, fat and sugar. This is a key cause of child obesity.^{vii}

Licensing

Alongside planning requirements, a number of town centre premises require specific types of licenses, such as a gambling premises license or a license to serve late night refreshments. The LGA would like to see all licensing legislation include a public health objective, to better enable public health issues to be taken into account when taking licensing decisions. An 2016 LGA survey showed 89 per cent of Directors of Public Health support this inclusion to tackle alcohol related health issues in their communities^{viii}.

Transport

A vital part of healthy high streets is ensuring public transport into town centres continues to be readily available to the public. Due to current funding pressures, bus services continue to be strained. Outside of London, 117 million miles (over 48 per cent) of council-subsidised bus vehicle miles have been lost since 2011.^{ix} It is also estimated that concessionary bus fares are underfunded by £652 million a year. This is unsustainable for councils already struggling to protect other subsidised bus travel in rural areas, or helping out young people with travel costs^x.

Council finances

Councils have a crucial role to play in supporting local high streets. Their ability to support local businesses is however being limited by significant financial pressures. We need the Spending Review to ensure the £8 billion funding gap facing councils by 2025 is closed so they can continue to help build their local economies.

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- ⁱ LGA, Written evidence submission to the HCLG Committee inquiry on high streets and town centres in 2030 (<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/housing-communities-and-local-government-committee/high-streets-and-town-centres-in-2030/written/85875.html>)
- ⁱⁱ LGA, Written evidence submission to the Treasury Committee on the impact of business rates on business inquiry (<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/impact-of-business-rates-on-business/written/98837.html>)
- ⁱⁱⁱ LGA, Response to the MHCLG consultation 'Planning Reform: Supporting the high street and increasing the delivery of new homes' (<https://www.local.gov.uk/sites/default/files/documents/10012019%20Planning%20reform%20consultation%20FINAL.pdf>)
- ^{iv} LGA analysis, 2019
- ^v LGA, Permitted development order survey 2018 (https://www.local.gov.uk/sites/default/files/documents/Permitted%20development%20survey%202018%20-%20report%20FINAL_1.pdf)
- ^{vi} LGA, An open letter on Permitted Development Rights (<https://www.local.gov.uk/open-letter-permitted-development-rights>)
- ^{vii} LGA - Give councils powers to ban junk food advertising near schools and nurseries, say town halls (<https://www.wired-gov.net/wg/news.nsf/articles/LGA+Give+councils+powers+to+ban+junk+food+advertising+near+schools+and+nurseries+say+town+halls+18032016144000?open>)
- ^{viii} LGA, Public health and the licensing process (<https://www.local.gov.uk/public-health-and-licensing-process>)
- ^{ix} Department for Transport, Local bus vehicle distance travelled (BUS02) (<https://www.gov.uk/government/statistical-data-sets/bus02-vehicle-distance-travelled#table-bus0205>)
- ^x LGA, LGA responds to Transport Committee report on bus services (<https://www.local.gov.uk/about/news/lga-responds-transport-committee-report-bus-services>)