




*THE FUTURE*  
 OF THE  
*HIGH STREET*

74

Open



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 Federation of  
 Small Businesses

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# WHO WE ARE

The Federation of Small Businesses (FSB) is the UK's grassroots business organisation. We are a cross-party non-profit body that represents small business and self-employed members in every nation and region. In 2024, FSB celebrates 50 years of being the authoritative voice on issues affecting the UK's 5.5 million small businesses, microbusinesses and the self-employed.

FSB is the UK's largest business group and leading business campaigner, focused on achieving change which supports smaller businesses to grow and succeed. We also provide our members with a wide range of vital business services, helping them to start, run, and grow successful businesses through high quality protection and support. This includes 24/7 legal support, financial expertise, training and events, debt recovery and employment/HR advice – alongside a powerful voice heard by governments at all levels.

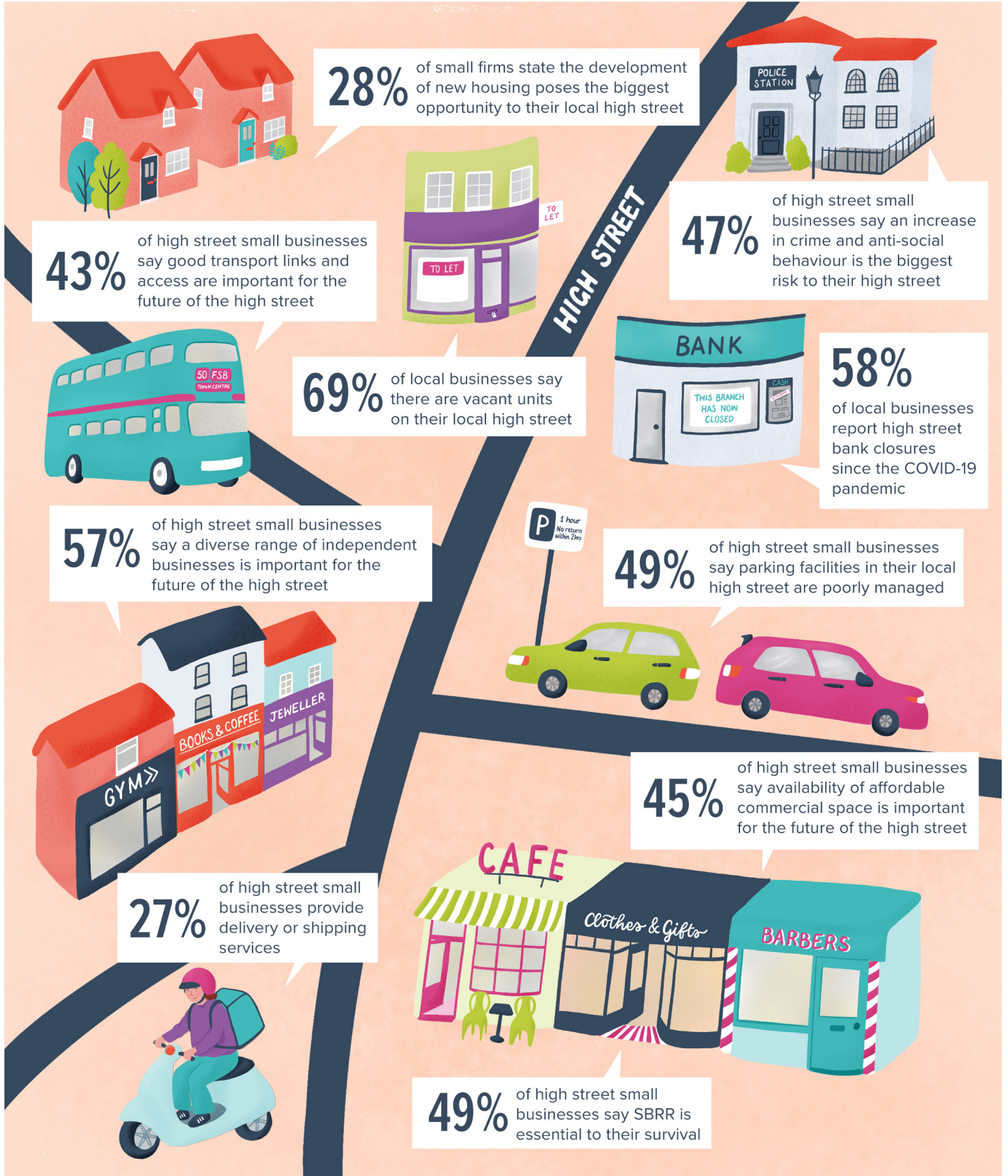
Our local, national and international activism helps shape policy decisions that have a direct impact on the day-to-day running of smaller businesses. We work for their interests through research and engagement with our members and by effective campaigning - influencing those in power through policy analysis, public affairs, media and public relations activity. Our advocacy work starts with our expert external affairs team in Westminster, which focuses on UK and England policy issues, the UK Government, Parliament and media and communications engagement. Further to this, our teams in Glasgow, Cardiff and Belfast work with governments, elected representatives and media in Scotland, Wales and Northern Ireland.



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# THE FUTURE OF THE HIGH STREET





# FOREWORD

Our much-loved high streets have long been part of the cultural fabric of the UK. They are not just a vital part of our local economy and a major source of employment, but are at the heart of our communities; places where we meet, socialise, shop and build relationships.

They have seen dramatic change over the decades, with the growth of chain stores, the introduction of out-of-town retail and supermarkets and the arrival of the internet all making their mark. High streets have evolved and will continue to do so, adapting to current challenges and our future needs.

From the local greengrocer who has been selling fruit and veg for decades, to the new fitness centre that has just opened its doors - these small firms make our high streets and town centres what they are. They create and nurture a flourishing environment by building close relationships with local people, organisations and other businesses.

Small businesses rely on footfall to not only survive, but thrive, and changes in consumer behaviour and pressure on the public's purse strings have all added to the challenges. With empty units blighting many town centres across the country, the outlook can sometimes look bleak, with business rates, parking charges, the planning system and rent all having an impact on the business community.

We are at a crucial juncture for the future of our high streets. Forward-looking and robust policy interventions are needed to not only help small firms grow and be successful, but also anticipate what they will need to sustain themselves and adapt to a rapidly changing world.

Not all high streets are the same, yet all should be given support to evolve and transform. They should be supported to grow into destinations that people choose to visit, providing visitors with an enjoyable experience. They must be accessible to all and convenient, as well as being somewhere that nurtures businesses so they can be competitive.

Technology undoubtedly has its place helping the high street develop. Many small firms already use a mix of online and bricks and mortar premises, and we need to look at ways to ensure this relationship is strengthened as tech develops.

There has been little conversation about how we encourage young people to invest in our high streets, not just as consumers but as business owners. The speed it takes to build an online business and engage with customers means many younger entrepreneurs are launching and making sales on social media. These creators often want to be on their local high street, and we need to make sure the next generation is supported to easily make the transition from online to offline.

We need to look to the future, making sure self-sustaining high streets remain resilient and adaptable, supporting a thriving community of small businesses and remaining a source of pride and positivity in our communities.



**Tina McKenzie MBE**  
FSB Policy and Advocacy Chair

# EXECUTIVE SUMMARY

UK high streets stand on the cusp of a transformative era. This report is a call to action, setting forth a bold vision for the next generation high street — a vision where small businesses can be the driving force behind a thriving, dynamic, and inclusive future.

In the digital age, the increasing convergence of physical and online marketplaces present unprecedented challenges and opportunities. It is imperative that small businesses are supported to navigate this terrain, ensuring they can compete and succeed in both realms. The future of our high streets depends on their ability to adapt, innovate, and thrive in an ever-evolving commercial landscape.

Despite the seismic shifts towards online and out-of-town shopping, in many cases accelerated or cemented by the pandemic, independent small businesses continue to make the leap of opening on high streets and remain a cornerstone of our local economies.

This report is about anticipating what is needed in the future to support the next stage of the evolution, delving into five themes that are central to our ever-changing high streets.

## Destination

High streets are more than just commercial spaces; they are destinations in their own right with the potential to attract tourism, enriching local economies. They can also identify opportunities to carve out their specialities – whether it be a certain type of retail, or an offer to commuters during the week; or providing shops and experiences for family days out on weekends.

The unique identity of each high street is its greatest asset, and fostering this distinctiveness is crucial for their long-term survival. Many small business owners say that a diverse offering of independent businesses is vital for their sustainability. By diversifying the experience - in response to changing consumer behaviours - we can create inclusive environments that continue to appeal to a broad spectrum of people.

## Transformation

Each high street is unique, with some already thriving under current economic and consumer trends, while others lag behind. However, all must evolve to meet the demands of the future and provide a supportive environment for the next generation of entrepreneurs.

Strategies to revitalise high streets include transforming vacant units into vibrant pop-up spaces for small businesses to test new concepts and reforming the planning system to recognise them as focal points for change. Investment through levelling up and the UK Shared Prosperity Fund (UKSPF) must be strategically deployed to support this revitalisation.





The shift to online shopping is not a zero-sum game. High street small businesses are already leveraging digital platforms to enhance their reach and must be supported to further integrate their physical presence with the online world. This includes aiding businesses in developing their websites and promoting both their products and the high street experience online.

A policy revolution is needed to enable high streets to employ smart technologies that not only showcase their offerings in the digital realm but also attract both real and virtual footfall, creating a seamless integration of the physical and online shopping experience.

## **Experience**

The perception and experience of high streets by both businesses and consumers are fundamental to their growth and endurance. Accessibility, functionality, safety, and cleanliness are paramount, as is minimising disruptions. Local authorities play a pivotal role in this. Reaching the full potential of local authorities, business groups and development organisations such as Business Improvement Districts (BIDs) requires that engagement is increased and deepened. It also requires those with the power and resources to transform high streets take action based on this engagement.

The high street of the future must be a place that is not only easy to access but also one that customers eagerly anticipate visiting. It should offer an experience that makes it easy to travel to and visit, but importantly can be a place where visitors' needs are meaningfully understood and provided for.

## **Infrastructure**

Ensuring the long-term success of high streets and town centres requires a focus on accessibility and convenience. Cheaper and more accessible parking options, improved bus transport links, and the incorporation of forward-thinking infrastructure, such as high-quality electric vehicle (EV) charging hubs, can play a vital role in increasing footfall, supporting small businesses, and creating a thriving ecosystem for communities. Small businesses see better approaches to transport as a key opportunity. By prioritising these factors, local authorities can encourage more people to visit, shop, and invest in their local high streets.

## **Competitiveness**

For UK high streets to continue to succeed and be self-sustaining in the long term, small businesses require strategic support so they can continue to drive our local economies. In particular, the business rates system must be balanced to ensure fair competition among high street, out-of-town, and online retailers. Expansion of Small Business Rates Relief (SBRR) must form part of future high street reforms.

The future of payment systems is also critical, with small businesses needing to adopt new digital payment methods while maintaining access to cash transactions that serve vulnerable communities. A long-term strategic vision is necessary to maintain the competitiveness of small businesses, ensuring that operating costs and employment remain sustainable.

# KEY FINDINGS

## Destination

- 57 per cent of high street small businesses say a diverse range of independent businesses is one of the most important factors for the long-term sustainability and future of their local high street.
- Most local businesses saw a range of closures on their local high street since the beginning of the Covid-19 pandemic, these include:
  - Retail stores (72%)
  - Hospitality (69%)
  - Banks (58%)
  - Post offices (28%)
  - Entertainment venues (20%)
- 42 per cent of local businesses state they are based within three miles of a retail park.
- 49 per cent of local ethnic minority small business owners say their business is located in or close to a super-diverse high street.
- 46 per cent of high street small businesses rent their business property.
- 27 per cent of high street small businesses provide delivery or shipping services to their customers.
- Nine per cent of high street small businesses currently offer a loyalty card.

## Transformation

- 69 per cent of local businesses say there are large or small vacant units on their local high street. This includes:
  - Large vacant units (28%)
  - Small vacant units (65%)
- Two-fifths (40%) of high street businesses are owned by women.
- 36 per cent of women owned high street small businesses regularly engage with local business groups or community groups in relation to their high street.
- High street small businesses state certain factors pose the biggest opportunities for their local high street. These include:
  - Introduction of new local businesses and services (49%)
  - Establishment of new tourist attractions or cultural events (45%)
- High street small businesses state some factors pose the biggest risks for their local high street. These include:
  - Decrease in consumer spending (70%)
  - Decrease in local population or footfall (47%)



- Crime or anti-social behaviour (47%)
- Increase in online shopping and delivery services (46%)
- 39 per cent of local businesses sell to their customers via their own website.
- 17 per cent of high street small businesses in the food and beverage service sector serve as a click and collect location on top of their main activities.

## Experience

- 29 per cent of high street small businesses disagree the appearance and cleanliness of their local high street is well-maintained.
- 82 per cent of high street small businesses say they engage in some way with local authorities, with only 17 per cent saying they engage regularly.
- Three-quarters (76%) of high street small businesses say they engage with local business or community groups.

## Infrastructure

- High street small businesses state increased investment in public transportation or infrastructure poses one of the biggest opportunities for their local high street (50%).
- A third (34%) of local businesses say public transportation is delivered poorly.
- 49 per cent of high street small businesses say parking facilities are managed poorly in relation to their local high street.

## Competitiveness

- Over half (54%) of high street small businesses say they would invest more or grow their businesses by hiring additional staff if the SBRR threshold was increased from £12,000 of rateable value to £25,000. This includes:
  - hiring additional staff (27%)
  - upgrade their technology and equipment (22%)
  - increase employee pay/benefits (22%)
- 49 per cent of high street small businesses say that the current Small Business Rates Relief (SBRR) is essential and that their business would not survive without it.
- A third (34%) of local businesses say reduced ability to accept cash payments in the future would pose one of the biggest risks to their local high street.
- 58 per cent of local businesses state their local high street bank branch has closed since the Covid-19 pandemic.

# RECOMMENDATIONS

## Destination

### Local authorities should:

- Each establish a permanent High Street Manager role to be the main contact and officer responsible for the growth and wellbeing of these areas. The High Street Manager would serve as the primary point of contact for businesses across multiple high streets, liaising with local businesses, landlords, BID managers, and community actors to ensure the wellbeing and growth of these vital commercial areas. (p29)
- Create and maintain yearly high street and town centre promotion plans with the input of local businesses and community groups, using these time periods for increased investment and advertisement of the local area and setting priorities for local business support functions in creating the skills to capitalise on these events. (p29)
- Support ethnically diverse high streets and seek to actively engage with all business owners including ethnic minority led businesses. (p25)

### The UK Government should:

- Establish a national High Streets Economic Development Profession Taskforce led by Ministry of Housing, Communities and Local Government with the mandate to upskill local authorities to invest in land or business infrastructure integral to high streets or town centres and to support them with major projects. (p29)

### The Department for Culture, Media and Sport should:

- Encourage VisitBritain, VisitEngland and Local Visitor Economy Partnerships (LVEPs) to prominently feature local high streets and communities in domestic and international tourism campaigns, for example leveraging the Paris 2024 Olympic and Paralympic Games to attract visitors beyond London. (p32)

### The Ministry of Housing, Communities and Local Government should:

- Introduce a funding framework to support the development and implementation of mobile phone-based loyalty programmes for high street businesses. (p33)
- Match funding to Business Improvement Districts (BIDs), calculating the contribution as a percentage of the rateable value of properties within the district. (p30)
- Require BIDs to directly promote high streets and to represent high street small businesses as part of their yearly objectives and KPIs. (p30)
- Require BIDs to conduct a renewed ballot more frequently of local businesses within their catchment areas at least every four years instead of five to ensure representativeness and buy-in from levy payers. (p30)



## Transformation

### Local authorities should:

- Create specialised funds to support pop-ups, markets, and temporary use initiatives for first-time businesses. (p42)
- Establish a Women's Enterprise Support Fund to boost female-led startups and foster inclusive economic growth in local high streets and town centres. (p38)
- Each establish a permanent Vacancy Taskforce or introduce such responsibilities as part of a permanent High Street Manager role responsible for monitoring commercial properties on high streets. (p22)
- Leverage procurement with high street and local businesses to support the local economy while enhancing social value goals. (p30)
- Increase business support functions for retail, leisure and hospitality high street small businesses focusing on a balanced success, both in physical stores and online. (p38)

### The Ministry of Housing, Communities and Local Government should:

- Streamline the allocation and delivery of future levelling up funds, Town Funds and UK Shared Prosperity Funds (UKSPF) to local authorities for high street regeneration projects, ensuring swift access to funds and interim support. (p34)

## Digitalisation

### Department of Business and Trade should:

- Introduce a fund to support high street businesses in developing and enhancing their own websites, marketing strategies, and e-commerce operations. (p50)
- Introduce dedicated resources for high street small businesses within the Help to Grow offering. (p50)

### Local authorities should:

- Invest in the development of smart high street infrastructure, leveraging Internet of Things, AI, and other advanced technologies to enhance the overall experience for businesses and consumers. (p53)
- Develop and launch region or community-specific online marketplaces that showcase local high street businesses, enabling shoppers to virtually explore, discover, and support their local shops and services. (p53)

## Banking

### The UK Government should:

- Establish a 'Banking Hub Setup Fund', funded by the high street banks, to assist in covering the purchase and setup costs of banking hubs on high streets or in town centres. (p68)

### The Financial Conduct Authority (FCA) should:

- Require banking hubs to maintain small business and cash infrastructure services as an essential component of their remit. (p68)

### Major UK high street banks should:

- Sign up to maintain their place in the Post Office Banking Framework for at least the next five years, to guarantee continued provision of cash infrastructure for businesses and their customers. (p68)

## Experience

### Local authorities should:

- Implement Disruption Mitigation Action Plans for high street areas where small businesses will be disrupted by construction works or development for six weeks or more. (p57)
- Develop comprehensive resilience and continuity plans for high streets, taking into account potential future disruptions, such as climate change, economic shocks, and public health crises. (p57)
- Establish family-friendly high street service locations that offer public or private creche facilities, family support, and other community services. (p60)
- Coordinate with BIDs, Tourism Boards, and LVEPs to provide free Wi-Fi coverage in priority high street areas. (p53)

### The Ministry of Housing, Communities and Local Government should:

- Identify "Key High Street Areas" as an objective and consistently measured database of high streets areas in cities, town centres and rural communities across the UK. (p34)
- Establish a dedicated fund for local authorities to support the reintroduction, regeneration, and operation of modern public toilets with baby changing facilities for families and ease of access for disabled visitors in priority high street areas. (p60)

## Planning

### The Ministry of Housing, Communities and Local Government should:

- Expedite and support high street business development by revolutionising the planning process with newly designated High Street and Town Centre Action Zones. (p46)

## Infrastructure

### Parking and Traffic

#### The UK Government should:

- Mandate that all public parking fees do not increase higher each year than the annual Consumer Price Index (CPI) and complete the update to the Private Parking Code of Practice by 2025 to deliver fairer private parking charges. (p65)

#### Local authorities should:

- Introduce a policy providing free parking on at least two Saturdays per month and at least two additional days each month capitalising on high footfall and considering local commuter patterns, major events, festivals, and holidays in high street areas. (p65)
- Design traffic management zones which have demonstrable support from local businesses and communities with clear purpose and which avoid harm to business delivery routes and emergency vehicle access. (p65)

#### The Ministry of Housing, Communities and Local Government should:

- Create comprehensive high street car parking plans with a new national target for the number of EV charging stations in high street areas in cities, towns and rural communities. (p65)
- Grant local authorities access to a dedicated fund, provided by the national government, designed to balance parking charges between retail parks and near by high streets or town centres. (p65)

### Public and Healthy Travel

#### Local authorities should:

- Introduce a 'High Street Hop' scheme, providing free bus fares on key routes through high streets during peak shopping days to boost footfall and support local businesses. (p62)
- Develop and implement comprehensive scooter, cycling and healthy travel access plans, along with improved parking strategies for each, tailored specifically to high streets. (p62)

## Competitiveness

### Business rates

#### **The UK Government should:**

- Increase the threshold for SBRR to £25,000. (p77)
- Revise the SBRR policy to allow businesses to claim relief for up to two properties each with a rateable value up to the SBRR threshold, with a 50 per cent relief on the third. (p77)
- Increase the frequency of business rates revaluations to take place annually, instead of the current three-year cycle. (p77)
- Commission an independent evaluation into whether the business rates system creates an incentive to locate businesses in out-of-town retail parks, rather than in high streets and town centres. (p80)

#### **The Ministry of Housing, Communities and Local Government should:**

- Provide combined authorities and local authorities with discretionary powers to raise or lower business rates levies on businesses of certain sizes or sectors, or in certain locations, as part of devolution deals. (p80)

#### **The Valuation Office Agency (VOA) and the Ministry of Housing, Communities and Local Government should:**

- Implement a national system which connects VOA and local government data to regularly and automatically contact high street businesses, proactively informing them of all business rate reliefs they may be entitled to. (p77)



## Tenancies

### **The Department for Business and Trade should:**

- Introduce a business support service specifically for small businesses under threat of closure or insolvency to explore alternative options and courses of action. This support could include financial advice to rearrange funds or to seek appropriate credit arrangements, and advice on setting up Creditor Voluntary Agreements, re-negotiating tenancy agreements. (p43)

## Business Transitions

### **The Department for Business and Trade should:**

- Establish a 'High Street Entrepreneur Transition Programme' to support business owners in adapting their skills and ventures to thrive in new sectors, both on and off the high street. (p38)

### **The Department of Work and Pensions should:**

- Maintain and expand the Sector-based Work Academy Programme (SWAP), expand the specific hospitality sector SWAP from a pilot to a longer-term ambition, and consider a similar SWAP for the retail sector. (p81)

# BACKGROUND: WHERE WE ARE NOW?

## Small businesses on the high street

FSB research shows a third (33%) of all small businesses in this survey are located directly on or adjacent to their main local high street. Almost two-thirds (63%) are within a 15-minute walk of a high street or shopping centre in a city, town, and rural setting. Our evidence shows London has the highest number of high street businesses in the UK with 58 per cent stating so, followed by Scotland (44%), the North East (40%), Yorkshire and The Humber (38%), Wales (38%), South West (38%), North West (28%), East of England (28%), East Midlands (26%), West Midlands (26%), and the South East (25%).

Hospitality is prevalent with nine in ten (90%) local businesses saying that cafes and restaurants are located on their high street, followed by bars and pubs at 88 per cent. Personal services are also likely with 82 per cent of local businesses working alongside them in high streets. Independent goods stores are also very common (78%), and chain stores run by large companies cited by 65 per cent.

### Figure 1: Types of businesses and amenities located on or near the local high street of local businesses in the UK

Source: FSB, High Streets Survey, 2023

Location type	% of high streets with this type
Cafes and restaurants	90%
Bars and pubs	88%
Charity shops	84%
Independent personal care outlets (e.g. hairdressers)	82%
Independent goods stores	78%
Post offices	75%
Medical facilities, such as clinics or pharmacies	71%
Chain stores run by large companies	65%
Offices and co-working spaces	61%
Banks	59%
Hotels and accommodations	57%
Government places, community/religious spaces, educational institutions	51%
Entertainment venues, such as cinemas or theatres	38%
Large department or supermarket stores	37%
Shopping centres	33%

Local businesses in the South West and East Midlands are most likely to see independent goods stores on their high streets (86% and 85% respectively).

There are clear differences between businesses located in urban and rural areas. Local businesses in urban areas are more likely than rural areas to state they have bank branches (65% vs. 30%), chain stores run by large companies (71% vs. 39%) or entertainment venues such as nightclubs or cinemas (42% vs. 17%). Urban local businesses are also more likely than those in rural areas on their high streets to have shopping centres (37% vs. 14%), large department stores and supermarkets (41% vs. 19%), and co-working spaces and offices (65% vs. 42%).

### **Business tenancies and rents**

Retail rents in UK town centres and high streets have remained high for small businesses, especially in more popular high street destinations, posing significant challenges for those businesses starting out on high streets for the first time.<sup>1</sup>

The multitude of landlords owning high street properties can often mean a diverse tenant landscape, as each landlord may have different leasing terms and priorities, which can shape the mix of retail and non-retail offerings. Leasing conditions set by landlords are crucial, as they determine the viability for potential tenants, affecting rents and, consequently, vacancy rates. High rents can deter start-ups and small businesses from setting up on the high street, and disputes between tenants and landlords can adversely affect the dynamics of the entire area.

The right to renew business tenancies and retain flexibility, as set out in Part 2 of the Landlord and Tenant Act 1954, is pivotal for the stability and continuity of small businesses operating on UK high streets.<sup>2</sup> This legal provision grants business tenants, including small shops and independent businesses, the right to renew their tenancies, contributing to what is known as “security of tenure”. This is particularly significant for small businesses on high streets, as it offers them a measure of stability and the ability to maintain their presence in a competitive and often costly market environment.



1 Real Business Rescue, [UK towns and cities with the highest retail rental prices](#), 2022.

2 The Law Commission, [Business Tenancies: the right to renew](#), 2023.

## Areas surrounding high streets

Two-fifths (42%) of local businesses say there is a retail park within three miles. Retail parks can act as a double-edged sword for the high streets which surround them. For some, retail parks can divert potential trade away from high streets and town centres. For others, retail parks can bring in footfall especially if the nearby high street provides a distinct offering to the retail park. Local businesses in certain regions are more likely to have retail parks close-by such as the West Midlands (53%), North West (53%), and the East Midlands (49%).

Four in five local businesses say they have an educational institution within three miles of their nearby high street, 68 per cent have a transportation hub (such as a train station or bus terminal), and 42 per cent a large public sector employer (such as a town hall or a hospital). The availability of such resources can influence the footfall and perception of the local high street.

Tourist locations can also attract footfall on to high streets. Sixty per cent of local businesses state a tourist location is within proximity to their local high street. Almost two thirds (64%) of local businesses say there is an industrial or business park within three miles of their nearby high street.

## Post Covid-19 impacts and wider trends

Most small businesses have seen a range of closures on their local high street since the beginning of the Covid-19 pandemic. Two-thirds of all small businesses have seen hospitality (66%) and retail stores (67%) close since the start of the pandemic. Twenty per cent have seen entertainment venues such as nightclubs or cinemas close since the pandemic.

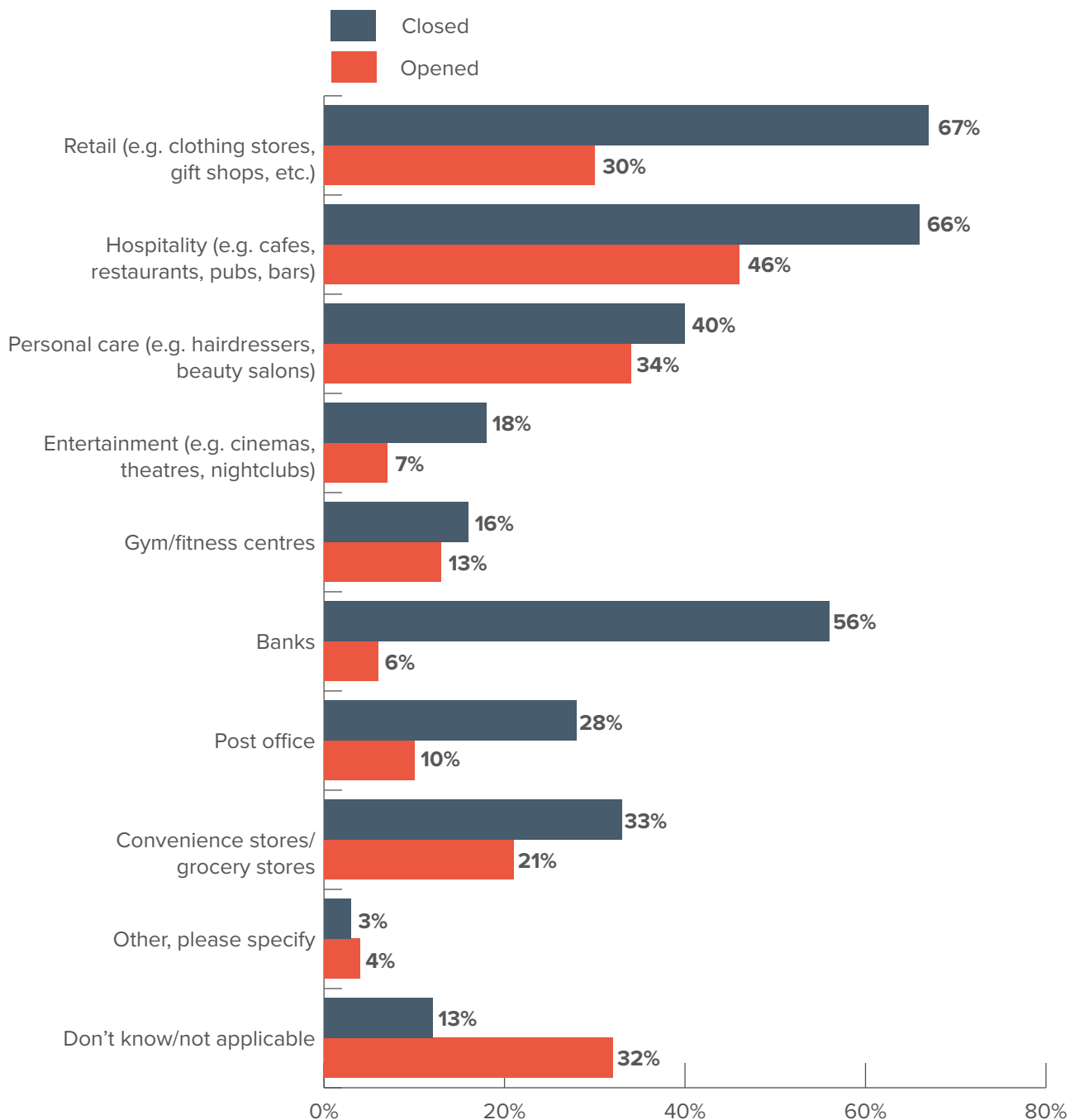
**“It was a tough transition for our high street during the pandemic – but a lot of businesses did make it through. Pretty much everything was shut down and was slow to get going again, even when the pandemic and the national lockdowns eased off. For a while the high street was completely dead. Now, some shops are still shut but others have changed their operation and some new ones have been opening up – they seem quite busy which is great!”**

Jackie Cartigny, High Fold Guest House, Cumbria



**Figure 2: Proportion of all small businesses mentioning types of stores and services opening/closing since the beginning of the Covid-19 pandemic**

Source: FSB, High Streets Survey, 2023



Public service outlets have also declined, with 56 per cent of all small businesses saying a bank had closed on their nearby high street since the start of the pandemic, and 28 per cent saying a post office had closed in that time.

Local businesses in urban areas are significantly more likely than rural areas to have seen retail goods stores close since the beginning of the Covid-19 pandemic (75% vs. 57%). Local businesses in urban areas were also more likely to see hospitality businesses close since the beginning of the pandemic, compared to rural areas (71% vs. 60%).

Local businesses in the north of England (North West 76% and the North East, Yorkshire and The Humber 75%) are more likely on average than London (68%) and the South West (71%) to say that they have seen retail stores close since the beginning of the Covid-19 pandemic. Over nine in ten (93%) local businesses say there is a mix of chains and independent stores on their high street. Consumer demand is a pivotal element in shaping the success of the UK high street.

### **Women in business on high streets**

Forty per cent of high street businesses overall are owned by women. This has increased by two per cent since 2019. FSB research shows women owned businesses are more likely to provide additional activities such as hosting events or offering product subscriptions, with 48 per cent of high street small businesses owned by men stating they don't offer additional activities in comparison to 39 per cent. Women high street business owners are also more likely to engage with local government, business, and community groups. Over a third (36%) of women owned high street small businesses regularly engage with local business groups or community groups in relation to their high street (vs. 18% of male-led high street small businesses).

### **Vacant units**

When businesses decide to exit the high street, their departures can create significant gaps in the market, impacting consumer choice and the overall vibrancy of the area. The trend of relocating shops from town centres to out-of-town locations poses a substantial risk. This shift can lead to a decline in footfall and economic activity.

Almost two-thirds (65%) of local businesses say there are small empty units on their local high street. Over a quarter (28%) of local businesses say there are large empty units on their nearby high street. These reductions impact the mix of retailers within high street environments affecting their sustainability and appeal.

**“Those empty, boarded-up shops are such an eyesore on our high street. It would be great if the landlords could at least make use of the space for some advertising, like they do in other cities when a building's being renovated. Even just a fresh coat of paint or a sign letting people know what's coming next would make a real difference to the overall look and feel of the town centre.”**

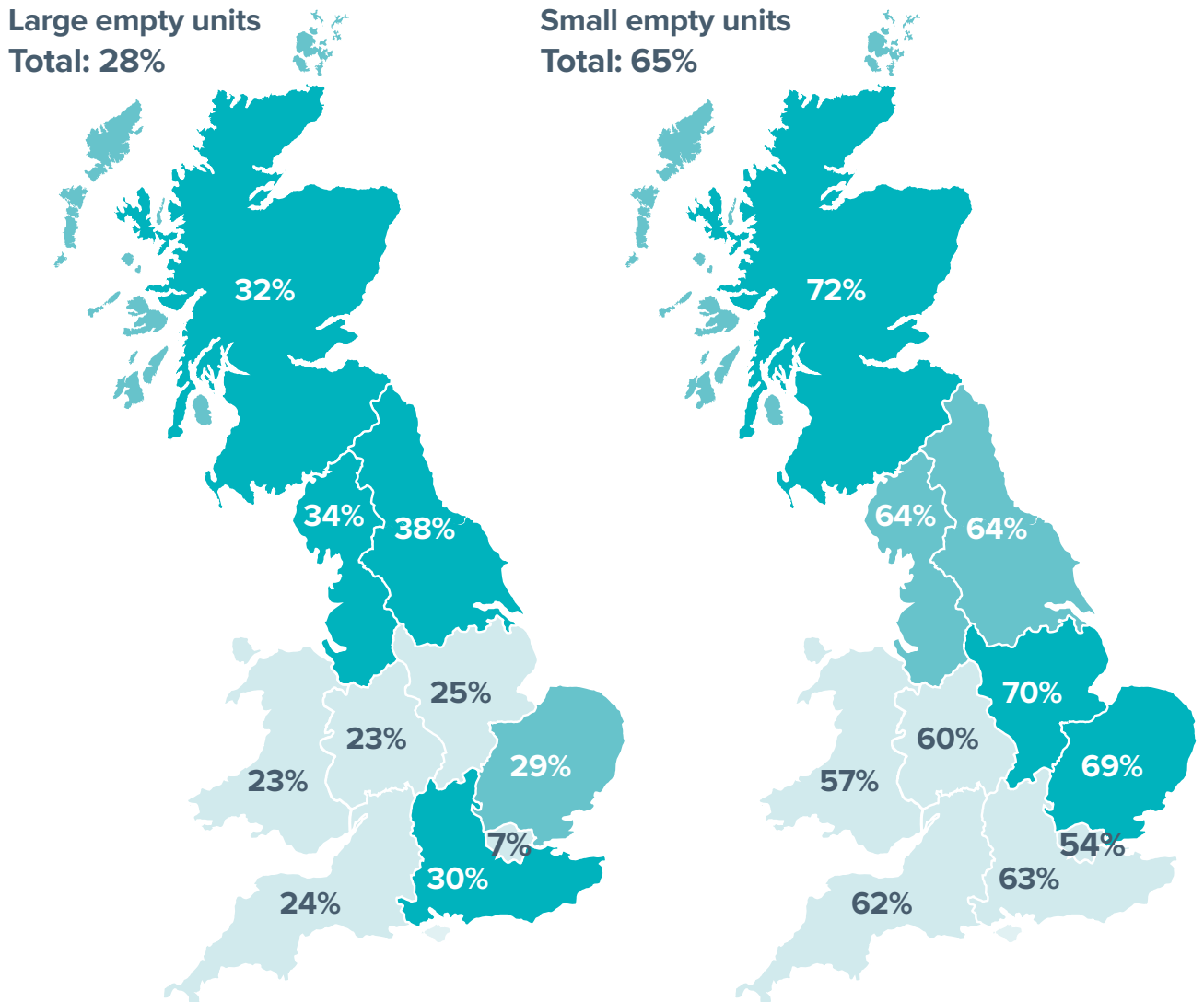
**Guy Eastwood, Surefyre Laser Design, Rugby**

There are wider factors that impact vacancy rates, these have varied effects geographically. A third (32%) of local businesses in Scotland say there are large vacant units on their nearby high street (compared to 28% in England and 23% in Wales). Seventy-two per cent of local businesses in Scotland say there are small vacant units on their nearby high street (compared to 64% in England and 57% in Wales) (Figure 3).

Almost two-thirds (64%) of local businesses in Yorkshire and The Humber and the North East of England report empty small units on their local high street compared to just over half (54%) in London.

**Figure 3: Percentage of local businesses reporting large and/or small vacant units on their high street**

Source: FSB, High Streets Survey, 2023



Research by the Local Data Company shows that vacant units have been a long running issue for high streets for the past decade, with a significant increase during the Covid-19 pandemic. High streets had a vacancy rate of 14 per cent in 2023 compared with 11 per cent in 2018. Though all types of retail location saw an increase of vacancy rate during the Covid-19 pandemic, shopping centres on high streets are particularly badly hit with a vacancy rate of 18 per cent in 2023 vs. eight per cent in retail parks.<sup>3</sup>

### Recommendations:

#### Local authorities should:

- **Each establish a permanent Vacancy Taskforce or introduce such responsibilities as part of a permanent High Street Manager role responsible for monitoring commercial properties on high streets.** This role includes maintaining updated landlord information and managing a co-funding initiative to enhance the frontage of vacant properties. The aim is to prevent the appearance of neglect and decline. This taskforce would also facilitate the use of vacant property frontages as shared advertising spaces, available to local authorities, community groups, and landlords, thereby maintaining an active and engaging high street environment.

## Ethnically diverse high streets

High streets across the UK are more than just local centres of commerce, they reflect our diverse communities. The cultural diversity and richness of many of our high streets is driven by the ethnicities of small business owners.

Survey participants were asked whether their business or high street operates in or close to (within a 10-minute walk of) a super-diverse high street. For the purposes of this research, we define a super-diverse high street as a high street located in an ethnically diverse area where the retail spaces are shaped by the local population. FSB research highlights the UK's ethnically diverse high streets; 49 per cent of ethnic minority local business owners state their business is situated in an ethnically diverse area where retail spaces are shaped by the local population.

From 2012 to 2017, the London School of Economics (LSE) led by Professor Suzanne Hall undertook a comparative analysis of 'super-diverse' high streets. The project focused on five high streets within the UK's most diverse cities, including: London, Leicester, Manchester, Birmingham, and Bradford and explored how urban retail economies and spaces are shaped by local ethnic minority populations.<sup>4</sup>

<sup>3</sup> Local Data Company, *H1 2023 Retail and Leisure Trends Report*, 2023.

<sup>4</sup> Suzanne, M. Hall, *The Migrant Paradox: Street Livelihoods and Marginal Citizenship in Britain*, 2021.



The breadth of independent high street small businesses is also reflected in LSE's super-diverse streets project which focused on Cheetham Hill, Manchester. The project in Cheetham Hill found 'food-related retail accounts for the most prominent activity on the street (33%), there is a significant professional 'services' sector (21%)', one of those businesses details their view of Cheetham Hill Road below.

**“Despite the cost-of-living crisis and recession years ago, Cheetham Hill is quite a resilient community – we're a migrant community. We've had Jewish, South Asian, African, and now Eastern European migrants move into the area. Most of the shops are full – there's always a demand because of its location. We've got two new schools, so there's a growing population and a demand for property. This is helped by the fact that migrant communities prefer to shop locally. The local community is quite entrepreneurial, one or two successful businesses has led to more businesses. People want to work closer to home and where they have links in the community.”**

Professional services business owner on the high street, Manchester

The National Hair & Beauty Federation (NHBF) 2023 ethnicity report found:<sup>5</sup>

**“The hair & beauty sector has grown from 2,141 units in 2017 to 2,340 in 2022 in locations with a larger proportion of Black, Black British, Caribbean, or African in the local population. Barbershops are in the top hair and beauty subcategory across the ethnic minority groups (Asian and Black ethnic groups) making up a third of all units. The NHBF research found all ethnic groups have seen a slowdown in their growth in 2022, with the sector facing greater competition and market saturation as more and more compete for local spend.”**

High streets do not only contribute to economic value but also social value, especially in communities in which super diverse high streets are located.<sup>6</sup> The social and economic contributions made in such communities are often overlooked by policymakers. Ethnic minority high street small businesses provide employment opportunities often in areas with limited employment opportunities. FSB research shows ethnic minority local business owners are likely to employ staff with 84 per cent of ethnic minority businesses (EMBs) stating they do so in comparison to 80 per cent of non-EMBs.



5 National Hair & Beauty Federation, [Ethnicity Report](#), 2023.

6 Ricky Burdett, London School of Economics, [Britain's high streets are an intrinsic part of the social and economic fabric of our cities](#), 2021.

“Kebab shops and restaurants are found on many of our high streets, with over 20,000 outlets, many of which are family run businesses, run by business owners with migrant backgrounds. The kebab industry contributes £2.8 billion annually to the UK economy; providing local jobs, contributing to local economic growth and our communities. They are part of the fabric of our diverse communities, a factor recognised and celebrated by the British Kebab Awards every year.”

Ibrahim Dogus, Founder of the British Kebab Awards

Previous FSB research found that EMBs contribute £25 billion of GVA to the UK economy - the same contribution as Manchester or Birmingham or the chemical industry. Diverse high streets across the UK set the foundation for inclusive growth in our communities. Fifty-eight per cent of local EMBs state increased investment in marketing and promotion of their area (in comparison to the average of 40 per cent of non-EMBs) would be one of the biggest opportunities for their high street. The ability to market small businesses was crucial during the pandemic and continues to remain so; FSB research shows 40 per cent of local EMBs say social media and training and support would benefit their business (in comparison to 34% of non-EMBs).

“A lot of people come from outside of their local communities shop in the retail park and then they come to the businesses on our high street, so we benefit from being close by. Our business location has convenient transport links to and from many of the neighbouring communities in the surrounding areas. This means our customer base is very diverse as we draw in patients from Stamford Hill bringing in members of the Jewish community as well as members of the Afro-Caribbean community near Tottenham, not to forget the local Haringay Green Lanes community, which is massively diverse. Additionally, we partner with health therapists of which 80 per cent come from the local area. The ethnic diversity amongst our therapists is also very high.”

Hitesh Patel, H3 Wellbeing, Haringey

Local authorities have a unique role to play in encouraging entrepreneurs to create new high street businesses and improve the local economic vitality of high streets. Twenty per cent of ethnic minority local business owners state a ‘good relationship and communication with local authorities’ is important for the long-term sustainability and future of their nearby high street. This is compared to 13 per cent of non-EMBs.

Local groups and partnerships often play an important role in diverse areas as identified by Professor Hall, many ethnic minority-led businesses are grounded in interdependent and mutually supportive networks. FSB evidence shows 25 per cent of ethnic minority local business owners regularly engage with local business groups or community groups and 34 per cent occasionally engage.

Engagement with diverse small businesses is important if we want to achieve inclusive growth. FSB research shows 33 per cent of ethnic minority local businesses say access to networking events and industry conferences would benefit their business – nine per cent more than non-ethnic local business owners. FSB’s report, *Unlocking Opportunity* found

a higher percentage of ethnic minority-led firms reported using both formal and informal networks than amongst non-EMBs, relying especially on informal networks.<sup>7</sup> Increased engagement with different forms of business support can aid business dynamism.

Formal organisations such as local authorities should seek to actively engage with local trusted intermediaries based in the community especially in diverse areas to ensure they are reaching a wide group of proprietors. This will also aid better data collection. Aston University has highlighted the need to engage and be responsive, suggesting active listening, convening resources, and taking action are paramount,<sup>8</sup> as identified through their work in supporting EMBs during the pandemic.<sup>9</sup>

Lewisham is one of London's most diverse boroughs. In 2021, Lewisham Council became the first council to undertake an annual survey, counting the number of ethnic minority independent retailers that own business on Lewisham's high streets.<sup>10</sup> This is a positive step and should be replicated by councils with similar demographics. Focused studies by local authorities not only allow local policymakers to implement solutions to challenges, reducing the chances of diverse high street firms being excluded from Government support; but they also outline the value diverse high streets make to the local economy.

## Recommendations:

### Local authorities should:

- **Support ethnically diverse high streets and seek to actively engage with all business owners including ethnic minority led businesses.** This could be achieved through regular monitoring with the support of local trusted intermediaries by way of data collection from independent business owners located on diverse high streets. Regular monitoring, with the support of local trusted intermediaries would provide local authorities with a deeper understanding of the challenges small business owners, particularly those from minority backgrounds and help negate cultural barriers. British history shows diverse communities have re-invigorated many high streets across the UK. This should not only be celebrated but valued as diverse high streets contribute greatly to local economic growth and a strong sense of social wellbeing.

7 Federation of Small Businesses, [Unlocking Opportunity: The value of ethnic minority firms to UK economic activity and enterprise](#), 2020.

8 Professor Monder Ram and Dr Imelda McCarthy, [The Impact of Covid-19 on Microbusinesses](#) ([propelhub.org](#)).

9 CREME in Conversation, [Agitations in April: Community Organising and Business Support in the Pandemic](#).

10 Lewisham London Borough Council, [Lewisham High Streets 2023 report](#), 2023.

# DESTINATION

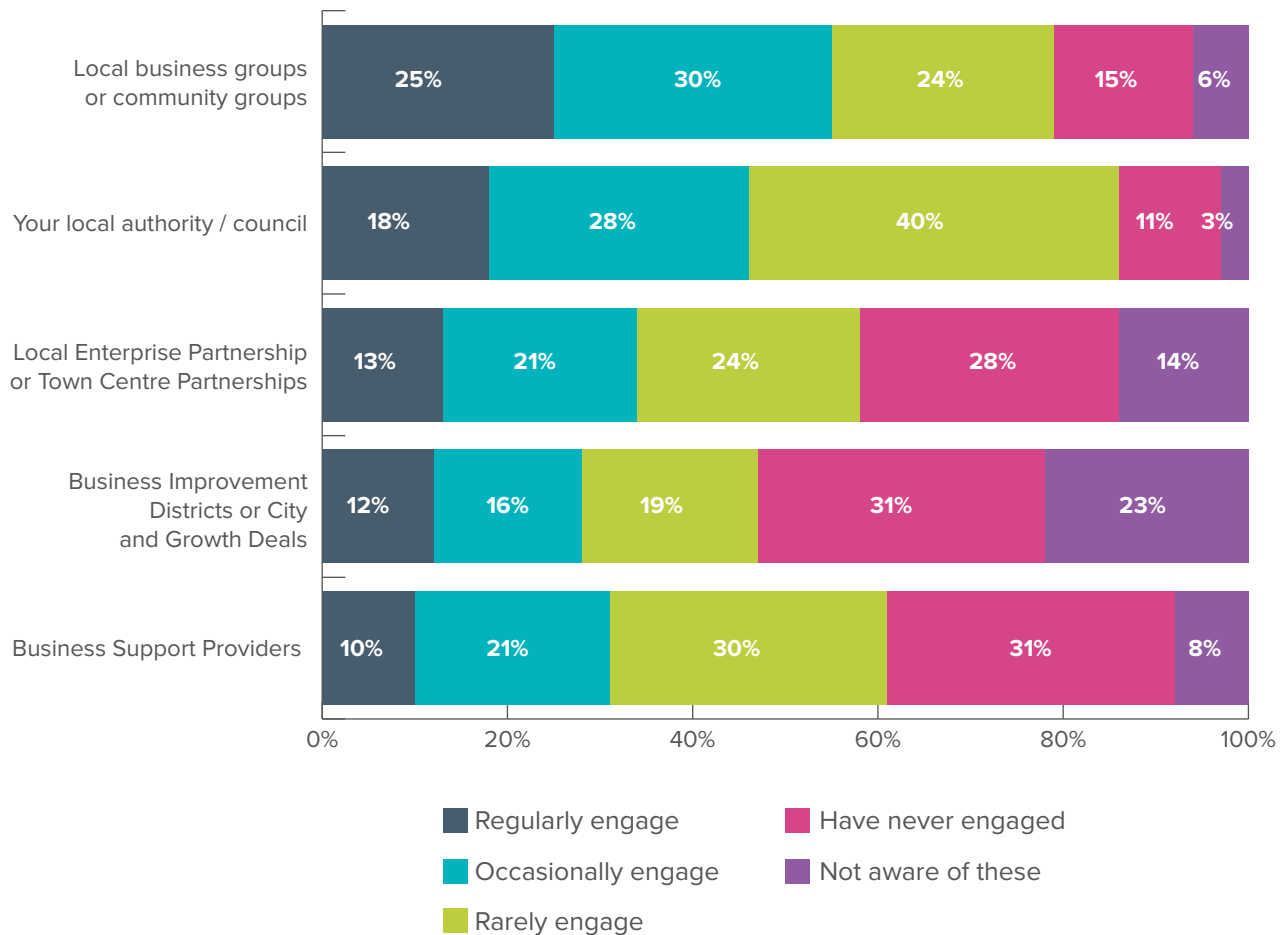
## The role of local government

The ecosystem of the high street and town centre is intricately woven from the interactions between various elements: small businesses, chain stores, on-street services, business groups, and local authorities. This collective intelligence is crucial in identifying challenges early, enabling proactive responses to safeguard the high street’s vitality.

Local authorities engage with businesses in several ways. The Local Government Association states that ‘pre-pandemic there were two core dimensions to the relationship between councils and businesses. The first role is through statutory functions such as trading standards, environmental health, business rate collections and planning. The second is through a set of non-statutory functions including inward investment, developing local skills and jobs as well as business support.’<sup>11</sup> During the pandemic local authorities stepped up and took on additional responsibilities to support small firms. As a result, the pandemic changed the relationship between small firms and local authorities, with many now engaging in different ways than they did previously.

**Figure 4: High street small businesses’ level of engagement with local authorities and other business groups**

Source: FSB, High Streets Survey, 2023



<sup>11</sup> Local Government Association, *Supporting councils with business engagement*, 2021.

Eighteen per cent of high street small businesses say they engage regularly with their local authority, and almost nine-in-ten (87%) of them say they have some level of engagement with their local authority. Eighty per cent of high street small businesses say they have some level of engagement with a local business or community group, with a wider range of engagement overall with 20 per cent saying they engage with these groups regularly. High street small business regular engagement with other groups is rarer, 13 percent with Local Enterprise Partnerships (LEPs) / Town Centre Partnerships, and 12 per cent with Business Improvement Districts (BIDs) or City/Growth Deals.

In Britain, there are over 330 BIDs. These business-led partnerships, spread across various sectors, focus on urban regeneration, boosting employment, and enhancing consumer spending. BIDs often undertake a range of activities such as providing practical solutions like free parking and implementing digital upgrades to create 'smart' towns. BIDs have become the first port-of-call for local authorities seeking to foster business communities and drive investment in their high streets and town centres.

**“Having someone in the council dedicated to overseeing the high street would be brilliant. They could really focus on engaging with local businesses and residents, keeping the town centre at the top of the agenda. We used to have a BID that worked well, pooling resources for everyone’s benefit - something along those lines again would be great.”**

Philippa Dytham-Double, Double Image Photography, Nottinghamshire

BIDs are recognised as valuable tools for the initial recovery and revitalisation of UK high streets, but they are not without their challenges and should not be solely relied upon by local authorities. The Levelling Up, Housing and Communities Committee acknowledged the critical role of town centres as community spaces and raised concerns about current approaches being short-term and fragmented. Funding processes are often overly competitive and centrally controlled. Local communities should be more central in decision-making, suggesting that strategies should be developed in partnership with local businesses, property owners, local authorities, and communities.<sup>12</sup>

The committee underlined the significance of greater community ownership and access to high street buildings as essential for ensuring relevance and sustainability. It advocated for the establishment of Community Improvement Districts (CIDs), seeing them as a potential evolution of BIDs, incorporating a stronger community voice. The committee noted that such measures could bring vibrancy and long-term stability to high streets and called for government legislation to explore and establish CID pilots.

LEPs and Growth Hubs, while significant in the broader scope of regional economic support, have often found themselves on the periphery regarding direct assistance to high streets. This situation is highlighted by previous FSB research, which indicated a strong demand

12 Levelling Up, Housing and Communities Committee. Sixth Report - Supporting our high streets after Covid-19, 2021.

for business support specifically tailored to the needs of high street enterprises.<sup>13</sup> However, translating this demand into effective action that complements the efforts of BIDs remains a challenge.

LEPs traditionally served as the overarching connectors of regional economic investment and strategic planning, also playing a key role in facilitating business support at the ground level. This strategic positioning has been crucial in aligning regional economic objectives with local business needs. Nevertheless, a significant shift occurred in March 2023 when it was announced that core funding for LEPs would be discontinued, and their responsibilities transferred to local authorities.<sup>14</sup>

**“Every town is different, so what works in one town might not necessarily work in another town. It needs people on the ground level to be able to collate the right kind of information, and to be able to provide this to the local authorities. Local authorities don’t have the staffing levels to be able to have what they need to hand. So, they need people like us to provide them with all the information and then devise a plan that can work. It’s crucial that we engage and be actively involved in what’s happening.”**

**Gennaro Borrelli, Gennaro Organic Hair & Beauty, Bedfordshire**

FSB research shows that local authorities are often the first point of contact for small businesses, so transferring LEP responsibilities to them has potential to ensure continued access to services. However, it’s unclear if these authorities have adequate resources to effectively carry out these roles, raising doubts about their ability to offer strategic leadership for high streets and town centres.

High street small businesses across regions and nations have a wide range of views on the performance of economic development and business support provision in their area. Overall, 40 per cent of high street small businesses think these services are delivered poorly, and 13 per cent say they are delivered well. Just under one in five (19%) high street small businesses in Scotland say development and business support provision is delivered well, compared to 13 per cent in England.

Compounding this uncertainty is the delicate state of local authority funding over the past decade. This financial instability has eroded the confidence of small businesses in the ability of local authorities to take on additional duties and deliver positive outcomes for the high street.

FSB research also sheds light on the success of Growth Hubs only when establishing strong personal relationships with small businesses. These relationships have proven effective in engaging with and supporting the business community. These insights could be instrumental in enhancing the way local authorities interact with small businesses. However, for this to be successful, it is imperative that local authorities are adequately resourced and equipped to shoulder these expanded roles and responsibilities effectively.

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<sup>13</sup> Federation of Small Businesses, [The Tech Tonic: Shifting the ground on tech adoption and innovation in small businesses](#), 2023.

<sup>14</sup> HM Treasury, [Spring Budget](#), 2023.



## Recommendations:

### Local authorities should:

- **Each establish a permanent High Street Manager role to be the main contact and officer responsible for the growth and wellbeing of these areas. The High Street Manager would serve as the primary point of contact for businesses across multiple high streets, liaising with local businesses, landlords, BID managers, and community actors to ensure the wellbeing and growth of these vital commercial areas.** Some local authorities already include an officer, either a town centre manager or a local economy manager with these responsibilities, but this should be replicated more widely to spread a proven successful model. The role involves creating and maintaining yearly high street and town centre promotion plans, helping to set priorities for local business support on the high street, and driving increased investment and advertisement. Additionally, the High Street Manager would lead a permanent Vacancy Taskforce, monitoring commercial properties, maintaining updated landlord information, and facilitating the use of vacant property frontages as shared advertising spaces. Implementing a voluntary “Good High Street Landlord Charter” would allow the Manager to recognise landlords who maintain high tenancy standards and communication commitments.

### The UK Government should:

- **Establish a national High Streets Economic Development Profession Taskforce led by DLUHC with the mandate to upskill local authorities to invest in land or business infrastructure integral to high streets or town centres and to support them with major projects.** Initially, this taskforce would focus on touring and assessing specified priority high street areas across the UK. In the long term, its role could evolve to include training economic development staff within local authorities and establishing a formal career path and framework of expectations for these individuals, equipping them with the skills and knowledge needed to effectively support and rejuvenate high street and town centre areas. This taskforce should work with devolved administrations to align existing regional strategies.

### Local authorities should:

- **Create and maintain yearly high street and town centre promotion plans with the input of local businesses and community groups, using these time periods for increased investment and advertisement of the local area and setting priorities for local business support functions in creating the skills to capitalise on these events.** These marketing schedules should gather local expertise and get a sense of demand for several events, festivals and ‘things to do’ locally. Local authorities often are best placed to drive activity to their local high streets and help businesses capitalise on peak visiting times.

**Local authorities should:**

- **Match funding to Business Improvement Districts (BIDs), calculating the contribution as a percentage of the rateable value of properties within the district.** This should also come with the express commitment that BIDs represent all businesses in their catchment areas. This initiative aims to double the investment power of BIDs, enhancing their ability to undertake projects and activities that improve and promote high street and town centre areas, ultimately supporting local businesses and community revitalisation efforts.

**The Ministry of Housing, Communities and Local Government should:**

- **Require BIDs to directly promote high streets and to represent high street small businesses as part of their yearly objectives and KPIs.** High street businesses often contribute a significant portion of the levy payments received by BIDs. They should receive adequate support and representation in the work of BIDs. By focusing advertising, sponsorship, and partnerships on the high street, BIDs can better target their efforts to benefit these businesses and form stronger links with local communities. This focused approach can ultimately form the partnerships needed to foster increased activity and a higher return on investment for the high street economy.

**The Ministry of Housing, Communities and Local Government should:**

- **Require BIDs to conduct a renewed ballot more frequently of local businesses within their catchment areas at least every four years instead of five to ensure representativeness and buy-in from levy payers.** This continuous engagement will allow for timely adjustments and responsiveness to the evolving needs and opinions of businesses in high street and town centre areas, whilst also protecting long-term investment plans.

**Local authorities should:**

- **Leverage procurement with high street and local businesses to support the local economy while enhancing social value goals.** By sourcing goods and services from small businesses in close proximity, local authorities can reduce transportation costs and contribute to the growth and resilience of the local economy. This approach should be designed to highlight the strengths of local sectors and create additional social value through increased employment and training opportunities for the community.



## Regional growth, combined authorities and English devolution deals

The financial resilience of local authorities in England is crucial in understanding their ability to support medium-term strategies for high streets and town centres. These authorities rely primarily on three sources of revenue: government grants, council tax, and business rates. The spending power of local authorities experienced a significant decline of 18 per cent from 2009/10 to 2019/20, before a partial recovery, leaving it 10 per cent below 2009/10 levels in 2021/22. This reduction in spending power is primarily attributed to a 40 per cent cut in central government grants in real terms over the same period.<sup>15</sup>

This situation necessitates a shift towards seeking national government support to foster local economic growth, particularly vital for initiatives aimed at revitalising high streets and town centres, which are crucial for the survival and prosperity of small businesses in the UK.

**“They don’t think in terms of ensuring that that community builds for itself, and local politics has been broken for a long time, and there isn’t the joined-up thinking. And some of that’s to do with national politics. But some of it is they will always say, well, there’s no money to do things. Well, there are some things you can do that don’t need much money. I mean, there’s one guy, locally here, who runs a marketing business. But he generates a lot of business by being so busy online. He gets groups of people together. So, they go and do cleanups in the park, or clean ups on the street.”**

Tony Goodman, Systems Consulting, Warwickshire

The UK government has announced multiple funds which continue up to at least 2024/25 including City deals, Devolution deals, Towns fund and UK Shared Prosperity Funds (UKSPF). The Future High Streets Fund, with its £675 million budget, is a prominent example, primarily aimed at helping local areas adapt to changing retail landscapes and develop long-term strategies for high streets and town centres. This includes the formation of a High Streets Taskforce, providing targeted expertise and support.<sup>16</sup>

In addition, the UKSPF, which allocates £2.6 billion, is designed to address a wider spectrum of local challenges, from community improvement to business support. This fund emphasises the role of local leadership in identifying and addressing specific local needs, whether they relate directly to high street revitalisation, skills development, or broader community enhancement.<sup>17</sup>

Some of these funds are more directly aimed at high street development, whereas others have broader objectives that indirectly impact high streets by strengthening the overall economic and social fabric of local communities. It’s essential that these funds are directed with clear, well-defined goals and objectives, recognising high streets not just as isolated commercial zones but as integral parts of a broader, interconnected regional ecosystem.

15 Institute for Government, [Local government funding in England](#), 2023.

16 Ministry of Housing, Communities & Local Government and HM Treasury. [Future High Streets Fund: overview](#), 2018.

17 Department for Levelling Up, Housing & Communities, [UK Shared Prosperity Fund: prospectus](#), 2022.

In 2024, the Department for Levelling Up, Housing and Communities (DLUHC) proposed a launch of local government financing simplification pilots, with a focus on streamlining the funding process for regional growth, including high streets. This initiative, as part of the Levelling Up White Paper, aims to simplify the funding landscape, potentially easing administrative burdens for local authorities. However, this simplification raises questions about the specific focus on high streets and whether the broader, more flexible funding approach might dilute the direct impact on these critical areas.<sup>18</sup>

Concerns also exist regarding the ability to effectively monitor and evaluate the impact of the UKSPF on small businesses on high streets. The move towards simplified, larger funding pots promises quicker allocation of resources to local authorities, which could benefit high streets. Yet, the efficacy of these funds is still in doubt in directly supporting the unique needs of small businesses. Ensuring that the streamlined process does not compromise the targeted support needed by these businesses will be crucial in the long-term sustainability of high streets.

Recent National Audit Office research on levelling up funds found that only nine per cent of UKSPF funds had been released to local places by DLUHC.<sup>19</sup> This has been caused by processing bottlenecks at DLUHC and taking longer than planned to come to a decision on funds. Local authorities that had been awarded funds said they could not start the work until funds had been released as the risk is too large for their finances. Local authorities should be supported in the immediate awarding of regional development funds to ensure that projects can start much sooner and remain relevant to the plans already put in place to best serve the high street ecosystems at that time rather than three years in the future.



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<sup>18</sup> Department for Levelling Up, Housing & Communities, [Simplifying the funding landscape for local authorities](#), 2023.

<sup>19</sup> National Audit Office, [Levelling up funding to local government](#), 2023.

## Recommendations:

### The Department for Culture, Media and Sport should:

- **Encourage VisitBritain, VisitEngland and Local Visitor Economy Partnerships (LVEPs) to prominently feature local high streets and communities in domestic and international tourism campaigns, for example leveraging the Paris 2024 Olympic and Paralympic Games to attract visitors beyond London.** This should also form part of LVEP Destination Management Plans. The network of tourism groups should showcase the unique character and offerings of local high streets across the UK in promotions and coordination of campaigns. VisitBritain and VisitEngland should highlight these destinations in their inbound tourism campaigns, positioning them as appealing additional stops for the 16 million visitors expected during and as a result of the Paris 2024 Olympic and Paralympic Games. Simultaneously, LVEPs and Regional Tourism Delivery Organisations should emphasise local high streets in their domestic tourism initiatives.

### The Ministry of Housing, Communities and Local Government should:

- **Introduce a funding framework to support the development and implementation of mobile phone-based loyalty programmes for high street businesses.** This initiative should encourage local businesses to collaborate and create innovative loyalty schemes that incentivise consumers to shop, eat, and drink locally, while also fostering trade between small businesses. The grant scheme should be funded through future UK Shared Prosperity Fund (UKSPF) or Towns Funds and prioritise 'key high street areas', with the option to establish support centres that enable groups of businesses to create their own unique loyalty programmes tailored to nearby employment, industry, or commuter hubs.

## Wider Government funding

The UK government has launched various regeneration funds, such as the Towns Fund, with a focus on transforming town centres into vibrant places to live, work, and visit. By 2021, the Towns Fund had included over £2 billion in funding to 101 towns.<sup>20</sup> These funds are aimed at repurposing empty shops, creating new public spaces, and transforming areas into community hubs with entertainment and leisure venues, but these funds cannot work alone as short-term fixes.

As part of the Ministry of Housing, Communities & Local Government (MHCLG) 2018 recommendations,<sup>21</sup> a High Streets Taskforce was set up to drive the policy conversation about high streets and help to collate research and tools for local authorities and practitioners.<sup>22</sup>

### Recommendations:

#### The Ministry of Housing, Communities and Local Government should:

- **Identify “Key High Street Areas” as an objective and consistently measured database of high streets areas in cities, town centres and rural communities across the UK.** This system could be used to have a more independent, consistent, and effective allocation of support, much as regions and metropolitan areas do currently. These areas should be defined geographically and on the basis of commercial and public service activity building upon models already developed by the Ordnance Survey and ONS.<sup>23</sup> These designated areas could also measure economic, social, and cultural impact of these areas over time and determine the development direction of each high street.

#### The Ministry of Housing, Communities and Local Government should:

- **Streamline the allocation and delivery of future levelling up funds, Town Funds and UK Shared Prosperity Funds (UKSPF) to local authorities for high street regeneration projects, ensuring swift access to funds and interim support.** This should expedite the process from fund allocation to project implementation, setting a maximum timeframe of nine months from award to availability of funds, increasing the average time-limit of spend by 50 per cent for comprehensive community consultation, providing immediate release of interim funds upon award, and allocating funds based on objective assessments of high street needs rather than purely competitive processes.

20 Department for Levelling Up, Housing & Communities, [Town Deals: full list of 101 offers](#), 2021.

21 Ministry of Housing, Communities & Local Government, [The High Street Report](#), 2018.

22 Institute for Place Management, [High Streets Task Force](#), 2020.

23 Ordnance Survey, [The geography of Britain’s high streets](#), 2023.





# TRANSFORMATION

High streets need to adapt to evolving consumer trends and future needs. Ensuring long-term, self-sustaining success involves regenerating high streets into spaces that attract and support the next generation of entrepreneurs, creating opportunities for pop-ups and experimental ventures where businesses can find their footing. It also requires forward-thinking decisions around planning, digitalisation, and the seamless integration of physical and online shopping experiences. By providing the infrastructure, flexibility, and digital connectivity that modern businesses demand, high streets can position themselves as resilient, dynamic hubs ready for the future.

## Next generation of high street business owners

The UK's high streets have been the focus of regeneration efforts over the past decade, with small businesses playing a pivotal role in their sustainable success. To maintain the vibrancy of high streets, it is crucial to attract and support the next generation of entrepreneurs, who are essential for a thriving local economy. Local authorities, now more involved in economic planning and business support, could create conditions that enable these new business owners to flourish both in traditional retail and online marketplaces.

Transformation of high streets can be accelerated by identifying, supporting, and funding small businesses to innovate. The evolving nature of UK high streets is reflected in a tale of two cobblers. Established businesses like Moores Shoe Repairs in Wickford, which have been a part of the local community for nearly a century, are closing after facing challenges due to changing consumer habits and reduced footfall in their local area.<sup>24</sup> In comparison, the Boot Repair Co in Leeds has embraced new technologies with the support of local agencies.<sup>25</sup> We will always need cobblers but we need to support those in the trade to innovate as well as incentivising young people to take up skills to become our cobblers of the future.

The integration of physical high street presence with online commerce is vital for the survival and growth of small businesses. Younger business owners are utilising the benefits of social media to create businesses and create customer bases. This generation of business owners want a physical presence so they can create, engage and sell their products locally.

Local authorities can play role in this transformation by providing digital infrastructure and training, enabling businesses to reach a wider audience. This dual approach not only supports the high street's traditional charm but also embraces modern consumer behaviour, ensuring the high street's relevance in an increasingly digital world.

Local and combined authorities are well-positioned to design business support frameworks that cater to the unique needs of small businesses, which are integral to the high street's prosperity. By addressing challenges such as high rents and digital competition, authorities can help these businesses adapt and succeed. Initiatives could include access to funding, mentorship, and digital skills training, ensuring that high streets remain competitive and appealing to consumers.

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24 Echo News, [Wickford High Street Moores Shoe Repairs shutting down](#), 2023.

25 Bdaily News, [Leeds based 'high-tech' cobblers to expand and create new jobs via six-figure loan](#), 2023.

### Case Study: The Potions Cauldron, York

Located in the heart of York's iconic Shambles, The Potions Cauldron serves as a shining example of how high street businesses can evolve and prosper in the face of shifting consumer tastes and preferences. By merging traditional retail with immersive, experiential elements, the business has successfully transformed a conventional shop into a captivating destination.

Central to the businesses' success is its commitment to crafting memorable and engaging customer experiences, which begins when visitors are greeted by the Master Potion Maker.

Co-founder Phil Pinder says this immersive approach is what sets the business apart from others and has been key to their success. "The high street has always been about experience," he said. "I think that is something we've lost a little bit with the internet coming in. The internet was a new experience but we're now starting to realise that's a bit boring. It's not a nice way to shop.

"For small businesses it's about thinking, what is your USP that makes you stand out from the others? That's one of the biggest challenges for any retailers on the high street. How can you make yourself different and unique?"

Since opening in York in Autumn 2018 the business has expanded across the UK, with a second shop in Edinburgh and a chain of mini golf experiences across the country - and continues to base their experiences around their original flagship drinks, which provide the 'backstory' to the whole experience.

As well as contributing to the creation of a vibrant and varied offering that can appeal to a wide array of visitors, the Potions Cauldron's experiential business model draws in a diverse customer base that extends beyond the typical high street footfall allowing them to play a vital role in ensuring their long-term sustainability.

This demonstrates the potential for businesses to differentiate themselves from online competitors and attract a loyal customer base by embracing innovative models that combine retail with experiential elements.



**Case study: BrandyBPapier, London**

Like many would-be entrepreneurs, Sheri-Ann Bhim started her online business during the Covid-19 pandemic. With extra time on her hands, the then 25-year-old wanted to help people make meaningful connections during lockdown - and creating and selling greetings cards and gifts online, gave her the opportunity.

Launching her business online has allowed Sheri-Ann to focus on branding and build up and engage with her customer base across the country, as well as be more daring with her product launches. "Operating online allows me to experiment, have new ideas and not worry if my ideas flop," she said. "If I list a product online and it doesn't sell then I've not ordered dozens of that product that may be left over as stock.

"Online you can list something, see how many you sell and put in a long lead time. The tech benefits you get operating online are helpful as you can track and see what you are selling and not selling, whereas with a bricks and mortar retail business you have to check your inventory everyday, which can be a nightmare."

Sheri-Ann, who runs her business from home, has considered expanding into a retail store that would provide her with storage space but is put off by the challenges that come alongside a physical shop, like "business rates and other overheads".

She said: "The high street seems so volatile in comparison to online. Yes, online sales can go up or down, but you don't have as much investment or overheads in comparison to being on the high street.

"It would be great to have more use of flexible space on the high street. I would love to have a pop-up shop from February to June, so from Valentine's Day to Father's Day and maybe two months ahead of Christmas as they're busy periods for card sales. In the summer when my business isn't so busy another small independent retailer could take over."

The future of the high street "needs to be flexible" she adds. "It won't be the same bricks and mortar businesses that have been there for 200 years, it will have a range of businesses that change with the season. Why can't we have an arts and crafts pop-up that operates every other weekend? We need to move away from long leases - flexibility is key. I'd love to see creative businesses have a space to create and sell."



## Recommendations:

### Local authorities should:

- **Establish a Women's Enterprise Support Fund to boost female-led startups and foster inclusive economic growth in local high streets and town centres.** This would provide targeted grants, mentorship, and resources to support women entrepreneurs in starting and scaling businesses, with a focus on enterprises that contribute to the vibrancy and diversity of local high streets and town centres.
- **Increase business support functions for retail, leisure and hospitality high street small businesses focusing on a balanced success, both in physical stores and online.** As business support shifts from Local Enterprise Partnerships (LEPs) to local authorities, there's a prime opportunity to help small businesses on the high street excel both online and at their physical locations. This support can range from basic online marketing and advertising strategies for retail, hospitality and leisure locations, to effectively utilising online platforms for retail only businesses. For small businesses, embracing the digital marketplace alongside their physical presence is no longer just an option but a necessity for growth and sustainability. Local authorities, with their in-depth understanding of local business ecosystems, are ideally positioned to provide the targeted assistance small businesses need to navigate and thrive in both realms. This dual focus can ensure that high streets remain vibrant and competitive in today's digital age.

### The Department for Business and Trade should:

- **Establish a 'High Street Entrepreneur Transition Programme' to support business owners in adapting their skills and ventures to thrive in new sectors, both on and off the high street.** The programme would assist entrepreneurs who have faced business closures due to external circumstances and provide tailored guidance, training, financial assistance, and resources to help these experienced business owners pivot their skills and expertise into new ventures. This could mean either within the high street ecosystem or in other promising sectors, making the most of skilled entrepreneurs who have more to offer by starting a new business.

## Changing retail and leisure sectors

The transformation of UK high streets from traditional retail hubs to centres of experiential and leisure activities marks a significant shift in urban commercial landscapes. Historically, high streets served as the retail backbone of towns and cities, but recent trends indicate a pivot towards more dynamic and interactive experiences. The modern high street now increasingly hosts a variety of experiential offerings such as escape rooms, tourism-driven attractions, and novelty retail stores that provide unique experiences.

In some parts of the country, high streets are being reshaped, the traditional retail landscape is evolving into vibrant hubs of activity that cater to a preference for experiences over material goods. This shift is driven by new and often younger business owners, and consumer behaviour in the age of Generation Z. This transformation is crucial for attracting and retaining the attention of these experience-driven consumers, who seek dynamic surroundings that reflect their values and lifestyles.

The pandemic and an increase in working from home has transformed the way we work. This has impacted the high street especially in urban areas as a result there is a noticeable shift in how and when they utilise city centres and high streets.<sup>26</sup> Our evidence shows 61 per cent of local businesses say an office and co-working spaces are located on their high streets. This figure rises to 68 per cent for those local businesses located in urban areas highlighting the range of potential footfall that is drawn to the high street from nearby workplaces. The growth in immersive activities which provide spaces for people to socialise has revitalised many high streets across the UK as highlighted in the following case study.



26 Pantano, E., Dennis, C., & De Pietro, M. ., *Journal of Retailing and Consumer Services*, *Shopping centers revisited: The interplay between consumers' spontaneous online communications and retail planning*, 2021.



### Case Study: Fayre Play, Edinburgh and Glasgow

Craig Neilson, the co-founder of Fayre Play, has successfully tapped into the growing demand for unique and engaging experiences on the high street. His business, which operates two locations in Edinburgh and Glasgow, offers a novel twist on a classic pastime: fairground games and activities designed specifically for adults.

Craig's innovative approach to high street entertainment is a prime example of how businesses can adapt to changing consumer trends and preferences.

"We wanted to create a space where adults could come together, enjoy a drink, and have some fun with friends or colleagues," Craig explains. "Fairground games have always been a popular activity, but we saw an opportunity to elevate it and make it more appealing to an adult audience by incorporating a bar and creating a more sophisticated atmosphere."

The success of Fayre Play highlights the importance of experiential businesses in revitalising high streets and town centres - keeping them vibrant, relevant, and attractive to a wide range of visitors. By offering something unique, these establishments can draw in different types of crowds, extending beyond the usual high street footfall.

"We've seen a fantastic response from our customers," said Craig, pictured with wife and co-founder Kasia Neilson. "People are always looking for new and exciting things to do, and Fayre Play provides that. It's not just about the games; it's about the entire experience – the atmosphere, the drinks, the company. We've had corporate events, birthday parties, and even first dates at our venues."

The rise of experiential businesses like Fayre Play is a testament to the evolving nature of high streets and the need for adaptability. As consumer preferences shift, it is essential for businesses to innovate and provide offerings that cater to these changing demands. By doing so, they not only ensure their own success but also contribute to the overall vitality and long-term sustainability of high streets and town centres.

Craig's vision for the future of high streets is one that embraces diversity and encourages a mix of traditional retail and experiential offerings. "I believe that the key to thriving high streets is having a balance of different types of businesses," he says. "People still value traditional retail, but they also crave unique experiences. By having a mix of both, high streets can attract a broader range of visitors and create a more dynamic and engaging environment."





## Transforming vacant units and pop-up shops

Empty properties have a significant impact on consumer and business confidence in their local high street. In 2022, 39 per cent of the UK public said fewer vacant units present would encourage them to visit businesses on their local high street more.<sup>27</sup> FSB's 2020 high streets report, *Streets Ahead*, found 40 per cent of small businesses stated making vacant units readily available for businesses to let was one of the most important changes that could be made to bolster their high street.<sup>28</sup>

**“Our high street was doing really well until recently, but now we’ve got two big shops closing down, with another two set to follow. It’s really concerning, because once they’re gone, those spaces will probably just sit empty for ages. We need to get them filled as soon as possible, even if it’s just with temporary pop-ups or something, to keep the high street looking lively and worth visiting.”**

Jackie Cartigny, High Fold Guest House, Cumbria

The current policy landscape leaves local authorities and other groups managing their local high streets with limited options and influence over how quickly a property is filled. Knowledge about high street landlords, and consistent quality communication with them is key to identifying new tenants and preparing for gaps on the high street.

In the short-term, there is plenty that can be done to improve the appearance of empty units on the high streets, such as painting and decorating the frontages or creating artist and community creativity spaces within. As discussed elsewhere in this report, these vacant spaces also provide an opportunity for pop-up and temporary commercial spaces for small businesses to take their first steps on to the high street.

Recent proposals to strengthen the high street rental auction process is a good step in tackling the number of vacant units on the high street.<sup>29</sup> However, these remain processes of last resort for local authorities. Many councils struggle to track down landlords on the high street. For key high street and town centre locations, especially those with higher-than-average vacancies, more proactive measures are needed to get empty lots filled.

**“When I first opened here, it was brilliant and you could get funding, or part-funding to get your shop front decorated. You could get part-funding for security measures - it was brilliant. And then, over the years they’ve scaled that team back to one person in the local authority who manages about four town centres. Don’t think I’ve ever even heard from them or met them.”**

Philippa Dytham-Double, Double Image Photography, Nottinghamshire

Thirty-nine per cent of high street small businesses consider the availability of affordable commercial space as key to the long-term sustainability of the high street. This rises to 52 per cent of high street businesses that either rent their premises on a month-to-month basis or rent a temporary or pop-up space.

27 Federation of Small Businesses, *Public perceptions of small business*, 2022.

28 Federation of Small Businesses, *Streets Ahead: How small businesses are saving the high street*, 2020.

29 Department for Levelling Up, Housing & Communities, *High street rental auctions*, 2023.

Pop-up shops and temporary spaces have emerged as effective solutions for addressing this issue. They not only fill vacant spaces but also provide simpler opportunities for small businesses to establish a presence on the high street. The UK government, recognising the importance of pop-ups, previously introduced planning deregulation to ease the use of empty shops for temporary businesses.<sup>30</sup> This has been well utilised by businesses and, if strengthened, could give even more flexibility to filling gaps.

The departure of large department stores from high streets, leaving behind significant empty spaces, underscores the importance of these initiatives. Large vacant stores are often challenging to refill with similarly sized businesses. Repurposing them for small business pop-ups and community services becomes a more feasible option.

Geolytix analysed 126 vacant Debenhams units after the chain closed between 2020 and 2023, finding that 56 per cent of these units remained completely vacant in 2023. This highlights the length of time that these spaces can stay empty for. Smaller businesses should be given the tools and opportunity to reuse these spaces quickly, but also longer-term planning and monitoring needs to happen in all high streets and town centres to see these risks coming.<sup>31</sup>

### Recommendations:

#### Local authorities should:

- **Create specialised funds to support pop-ups, markets, and temporary use initiatives for first-time businesses.** Additionally, they should implement a tracking system for these businesses to notify them when longer-term tenancies become available on high streets. This approach would encourage new business ventures and facilitate their transition to permanent high street.

### Business tenancies and rents

The current legal framework based on the Landlord and Tenant Act 1954, which is 70 years old, has been reported as burdensome, unclear, and outdated, hindering its effectiveness in supporting modern commercial practices. The Act in its current form, may impede the quick and efficient occupation of commercial spaces on high streets, impacting the vitality of these ecosystems.

**“What we have found here is that properties that have been owned by local landlords, who therefore understand the local landscape better, tend to be more understanding. They’ve given a lot more slack to either existing business owners or new businesses coming in, whether that be a rent free period to allow them to do whatever work is necessary, upgrades to the building to get it already, or whether it’s just making the rent a reasonable fair and affordable right, according to the current economic situation.”**

Gennaro Borrelli, Gennaro Organic Hair & Beauty, Bedfordshire

30 Ministry of Housing, Communities & Local Government. [Pop-up shops and entrepreneurs to prosper from high street changes.](#), 2012.

31 2023, Geolytix. [Debenhams: Two years \(& two months on\).](#)

The Turnover-Based Leases report provides a comprehensive analysis of the changing landscape of retail leases in the UK, particularly in the context of the Covid-19 pandemic. Turnover-based leases, where rent is partially based on a business's turnover, have gained prominence as a more adaptable alternative to the traditional fixed rent model. This model has become particularly pertinent due to the shift from physical to online sales, significantly affecting the economically sustainable rent for retail properties. However, these leases are not without their complexities and management challenges, especially in the context of multi-channel retailing.<sup>32</sup>

For small businesses on the high street, turnover-based leases can offer a responsive rent structure that can be more in tune with their sales performance, particularly beneficial in fluctuating economic conditions. The combination of increased access to cash flow financing, turnover-based leases, and empty property relief for business rates can be instrumental in reducing vacancy rates on high streets and town centres. By providing a mechanism for renegotiating rent terms and reducing financial pressures, these measures can help sustain small businesses in challenging times. The report thus highlights the potential of turnover-based leases as part of a broader structural change in retailing, underscoring their role in supporting small businesses and revitalising high streets and town centres.

Small businesses on high streets are in dire need of more affordable and equitably agreed tenancies, with a mechanism for local authorities to be kept informed of these agreements. This information allows for better preparation against potential negative impacts on the high street, such as vacancies resulting from landlords exiting. Recognising that many landlords already excel in supporting their small business tenants, the introduction of a voluntary "Good High Street Landlord Charter" could serve as a platform to highlight and reward their positive contributions. Such a charter would not only celebrate good practices but also encourage a leadership role for local authorities in fostering a healthy high street ecosystem by ensuring a standard of excellence in landlord-tenant relations.

### Recommendations:

#### The Department for Business and Trade should:

- **Introduce a business support service specifically for small businesses under threat of closure or insolvency to explore alternative options and courses of action. This support could include financial advice to rearrange funds or to seek appropriate credit arrangements, and advice on setting up Creditor Voluntary Agreements, re-negotiating tenancy agreements.** The advice could also focus on guidance in starting a new business in the same or a different sector, having gained invaluable experience running their outgoing business. Many small businesses are under pressure from external factors outside of their control such as short-term economic shocks or late and delayed payment severely impacting their cash flow. Providing tools, advice and room to breathe in these last moments could save many businesses from going under unnecessarily.

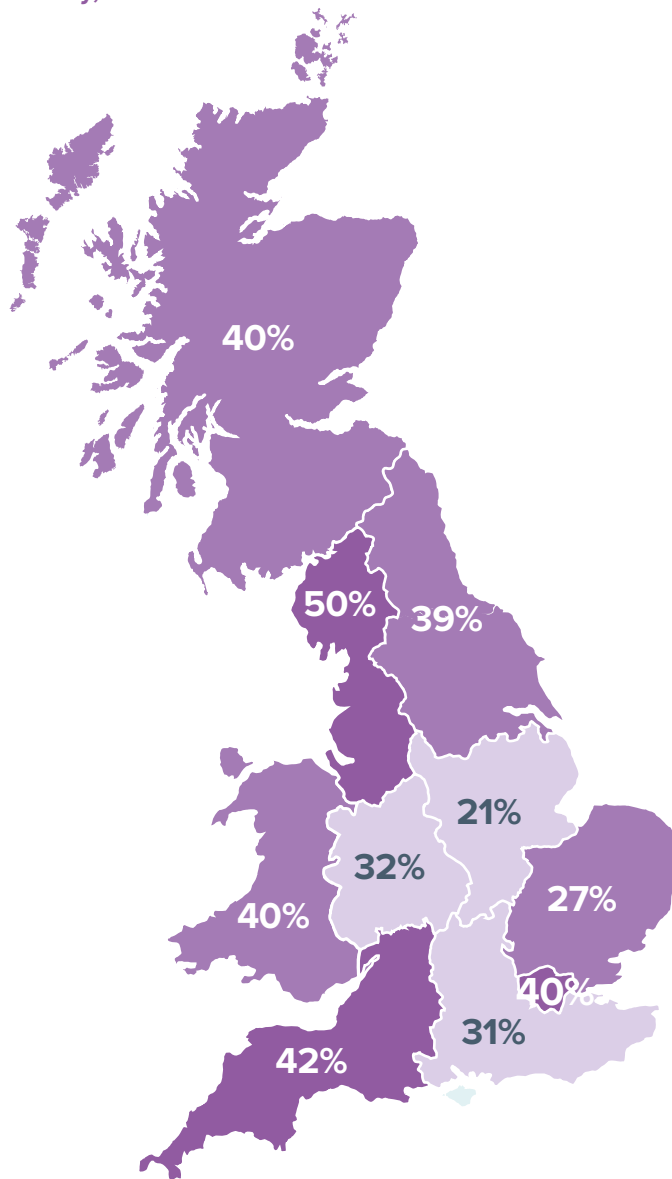
32 Investment Property Forum, [Turnover-based leases survey of current practice](#), 2021.

## Planning, new homes, and land management

Over a third (36%) of local businesses think planning regulations are provided poorly in relation to their local high street. Fifty per cent of local businesses in the North West think these services are provided poorly, and similar perceptions are felt by small businesses in the South West (42%) and London (40%).

**Figure 5: Proportion of local businesses in each region saying planning is delivered very poorly or poorly in relation to their high street**

Source: FSB, High Streets Survey, 2023



Small businesses on UK high streets often express dissatisfaction with local planning authorities, attributing this to several factors. One key concern is the perceived lack of representation in the planning process, which they view as quasi-judicial and somewhat opaque. Small businesses, especially those in town centres and high streets, frequently feel sidelined in decision-making processes that significantly impact their operations and

future growth. This sense of exclusion can be made worse by the complexity of planning regulations and procedures, which small business owners often find challenging to navigate and influence effectively.

Additionally, local authorities face the complex task of balancing the need for housing with the preservation of commercial activity, particularly in high street areas. This balancing act can lead to contentious decisions, as efforts to meet housing demands often come at the perceived expense of commercial and retail spaces, vital to the health and vibrancy of high streets. Small businesses, integral to the character and economy of these areas, thus find themselves at a crossroads, where the priorities of local planning may not always align with their needs and aspirations. This situation underscores the necessity for more inclusive and transparent planning processes that actively consider and address the concerns of small businesses on high streets.

FSB welcomes the recent proposals to revise the national planning policy framework, recognising the potential for these changes to better align with current economic and social realities. By addressing the unique needs and contributions of high streets and town centres, these revisions present an opportunity to create a more supportive and responsive planning environment for small businesses operating in these vital commercial areas.

Strategic planning processes should strike a balance between protecting the vibrancy of high streets and addressing the urgent need for increased housing supply. By streamlining change of use processes for businesses and facilitating the construction of housing above shops, planning policies can foster a dynamic mix of residential and commercial activity in town centres. This approach not only helps small businesses adapt to evolving market conditions but also ensures that high streets remain vibrant places where people can live, work, and shop, thereby contributing to their long-term vitality and resilience.<sup>33</sup>

FSB also argues for the continued importance of high streets and town centres within local plans and any new regional or strategic planning documents. These areas are not just commercial zones but are pivotal to local economies and communities. They should, therefore, be afforded special attention in planning frameworks to ensure their sustainability and evolution in a way that aligns with the needs of small businesses. This stance reflects a broader call for planning policies that are not only modernised but also more inclusive and reflective of the diverse stakeholders within high street environments.

Research by the Town and Country Planning Association highlighted the cost to high streets of permitted development rights expansion in 2021. Their analysis shows that without local control, permitted development rights can dramatically change the mix of commercial and residential use across dense urban, and rural areas.<sup>34</sup>

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33 Department for Levelling Up, Housing & Communities, Levelling-up and Regeneration Bill: reforms to national planning policy, 2023.

34 Town and Country Planning Association, <https://www.tcpa.org.uk/80-of-shops-on-high-streets-could-be-lost-to-pdrs/>, 2021.

Nearly three in ten small firms state the development of new housing or apartments nearby poses the biggest opportunity to their local high street. The Government's strategy to rejuvenate high streets involves new flexibilities in the planning system, allowing for the conversion of shops, takeaways, and other commercial spaces into homes. This approach is expected to help revitalise high streets, bringing in more residents and thus increasing footfall. However, it's crucial to maintain a balance in this transformation.

There are plenty of ways in which new housing and mixed-use development can be encouraged and prioritised while protecting the flow and amalgamation of businesses to protect the ecosystem of the high street. The UK's updated National Planning Framework is a complex and contested document, though has some useful ideas for how to add housing without excess disruption. There is a balance we need to strike between building more housing and developing high streets for the next generation.

### Recommendations:

#### The Ministry of Housing, Communities and Local Government should:

- **Expedite and support high street business development by revolutionising the planning process with newly designated High Street and Town Centre Action Zones.** Using a new 'Key High Streets' database, local authorities would be able to submit proposals for these zones, aiming to fast-track small business development and building development on the high street ensuring more housing can be provided alongside strategic maintenance of high street frontages. Concurrently, councils should receive funding and new legislative support for acquiring land outside these zones. Planning needs to be accelerated to adapt to the quickly evolving needs of high street ecosystems. More flexibility needs to be provided to planning authorities to develop housing projects and for housing space to be developed above shops, balancing the substantial need for additional housing while protecting core parts of high street spaces.

### Changing businesses – licensing

The temporary measures introduced during the pandemic under the Business and Planning Act 2020 allowing food and drink businesses to easily obtain a pavement licence, have helped UK high streets thrive. This enabled businesses to place tables and chairs on adjacent highways, significantly enhancing the street ambiance and fostering a lively outdoor culture. Recognising its positive impact, the extension of this provision in the Levelling Up and Regeneration Act is a commendable step.<sup>35</sup> However, to further bolster the self-sustaining success of high streets, it is crucial to address the financial burden imposed on small businesses by the current licencing fees. A significant reduction in the £500 cap for first-time applications could alleviate financial pressures and encourage more businesses to take advantage of this opportunity, thereby contributing to the dynamic and thriving atmosphere of high streets across the country.

<sup>35</sup> Department for Levelling Up, Housing and Communities, [Pavement licences: guidance](#), 2024.



## Online sales and engagement with customers

Online sales had grown sixfold in the UK between 2008 and 2017,<sup>36</sup> and have seen accelerated growth during and after the pandemic where online sales account for 27 per cent of all retail sales in September 2023 compared to 20 per cent in February 2020.<sup>37</sup>

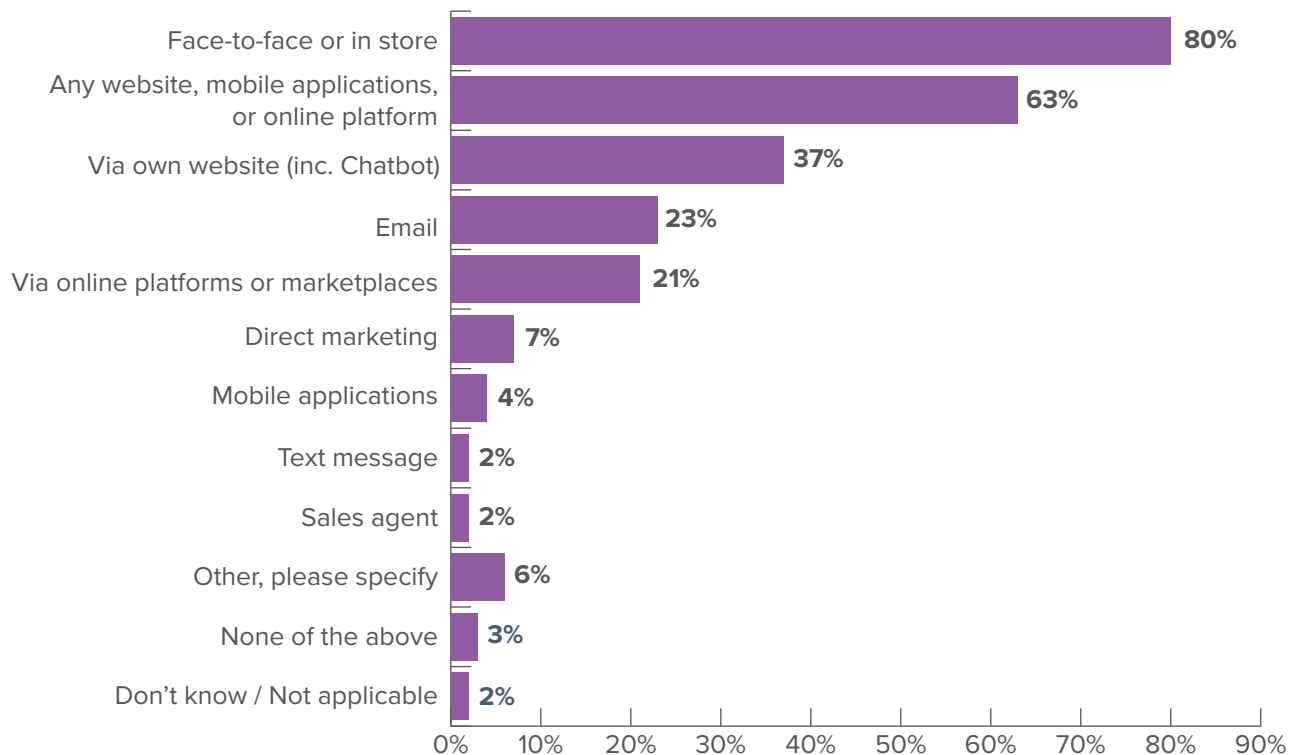
“The high street has changed massively over the last 10 to 15 years. You only have to mention Amazon and other online companies. There are so many others. Not far from us is a large hub of online delivery companies which sell beauty products and all sorts. They don’t have a high street presence at all so it’s not adding anything to our town or employing our people.”

Tony Goodman, Systems Consulting, Warwickshire

Almost three in ten (29%) high street small businesses trade only in goods, and 29 per cent only in services. While 80 per cent of high street small businesses sell their goods or services face-to-face or in store, 63 per cent of high street small businesses sell some of their goods via their website using mobile applications or an online platform such as Amazon. So, there is no clear delineation between bricks and mortar retailers and online retailers.

**Figure 6: The three most frequent ways high street small businesses sell to their customers**

Source: FSB, High Streets Survey, 2023



36 Office for National Statistics, Comparing “bricks and mortar” store sales with online retail sales: August 2018, 2018.

37 Office for National Statistics, Retail sales, Great Britain: September 2023, 2023.

Thirty-seven per cent of high street small businesses sold to their customers via their own website, 23 per cent sold via email and 21 per cent sold via online platforms or marketplaces (Figure 6). This is further highlighted in FSB's *Net Benefits?: Small business use of online platforms* report, which showed that 53 per cent of all small businesses use an online platform to trade or generate work for their business.<sup>38</sup> This shift presents a pivotal opportunity for stakeholders to reassess and reinvent the high street's role ensuring it can meet and exceed the future demands of consumers.

“When you look at Covid, so many people have been used to doing stuff essentially from their sofa. They’ve adapted to the lockdown mindset, and it’s been kind of habit-forming for them. I’m certain online companies capitalised on that. And of course, they are very happy to just drive to a retail park. When you’d normally pop into town, that’s not happening now.”

Guy Eastwood, Surefyre Laser Design, Rugby



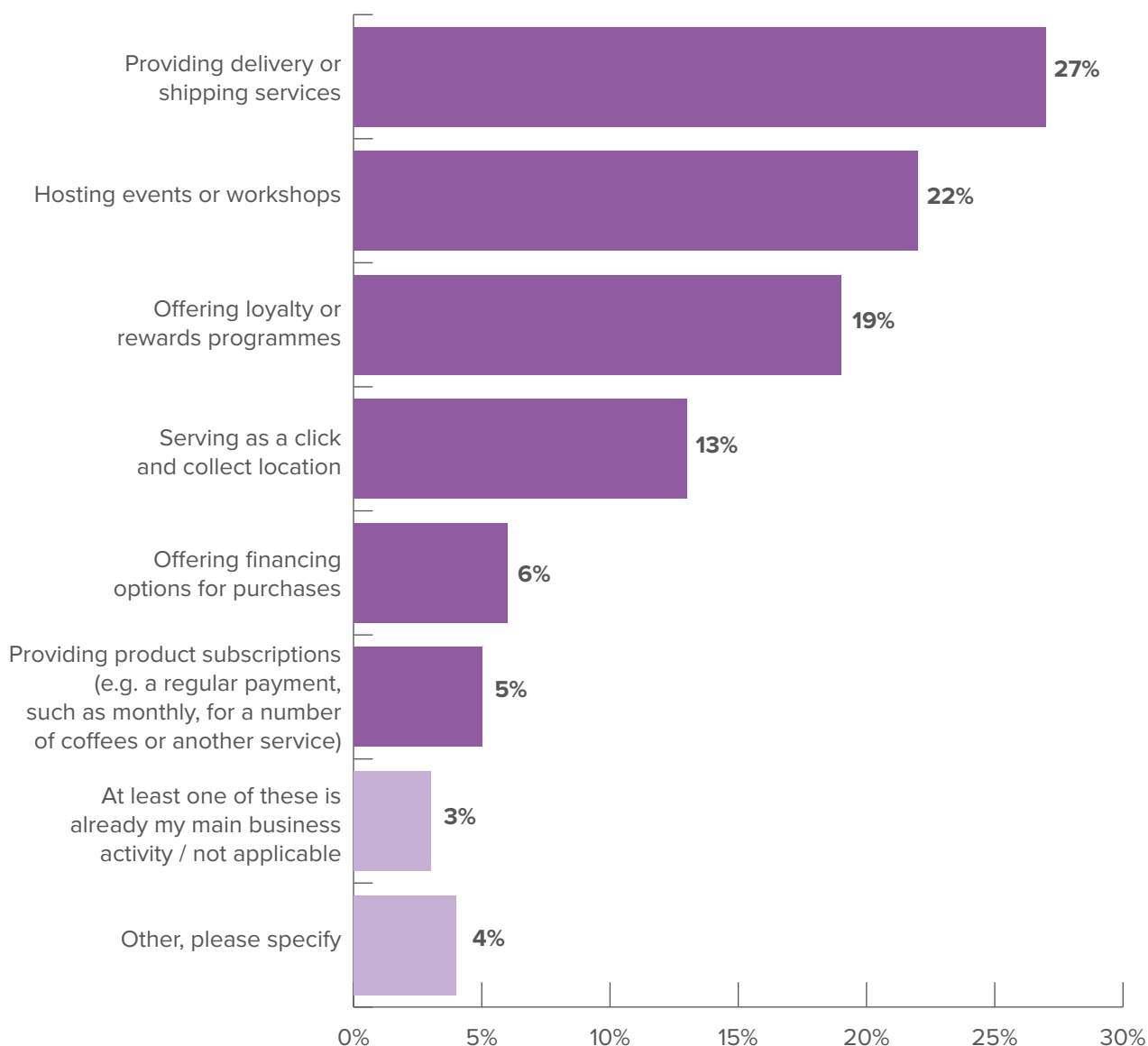
38 Federation of Small Businesses, *Net Benefits? Small business use of online platforms*, 2023.

### Digital and online platform activities

The Covid-19 pandemic had a major impact on digital adoption within small businesses. The digital capability of small business owners played a significant role in their ability to trade during the pandemic as digital presence became a widespread necessity to reach out to customers.<sup>39</sup> FSB’s, *Net Benefits?* report highlighted the dominance of online platforms to small businesses particularly those in the retail sector.<sup>40</sup>

**Figure 7: Proportion of high street small businesses undertaking additional activities on top of their main goods and services activities**

Source: FSB, High Streets Survey, 2023



39 Federation of Small Businesses, *New Horizons: How Small Firms are Navigating the COVID-19 Crisis*, 2020.

40 Federation of Small Businesses, *Net Benefits? Small business use of online platforms*, 2023.

Under three in ten (27%) high street small businesses provide delivery or shipping services, and 22 per cent host events and workshops. Thirteen per cent serve as a click and collect locations on top of their main goods and services activities. This figure increases to 17 per cent for high street small businesses in the food and beverage service sector.

### Recommendations:

#### Department of Business and Trade should:

- **Introduce a fund to support high street businesses in developing and enhancing their own websites, marketing strategies, and e-commerce operations.** This initiative aims to bridge the gap between traditional retail and the digital marketplace, ensuring that small high street businesses can competitively and effectively engage in the evolving retail landscape. The allowance could follow and build upon the model of previous business support initiatives to facilitate a more robust integration of online and offline retail channels, vital for the sustainability and growth of small businesses. This new scheme has the opportunity to learn lessons from earlier models and reach more small businesses enabling them to stay competitive on the high street.

#### Department of Business and Trade should:

- **Introduce dedicated resources for high street small businesses within the Help to Grow offering.** This initiative should provide targeted support for high street small businesses, focusing on enhancing their digital capabilities, marketing strategies, and e-commerce operations. This should offer a combination of online resources, mentoring, and workshops tailored to the unique needs of high street businesses, enabling them to effectively adapt to changing consumer behaviours and leverage technology to grow their customer base, both domestically and internationally.

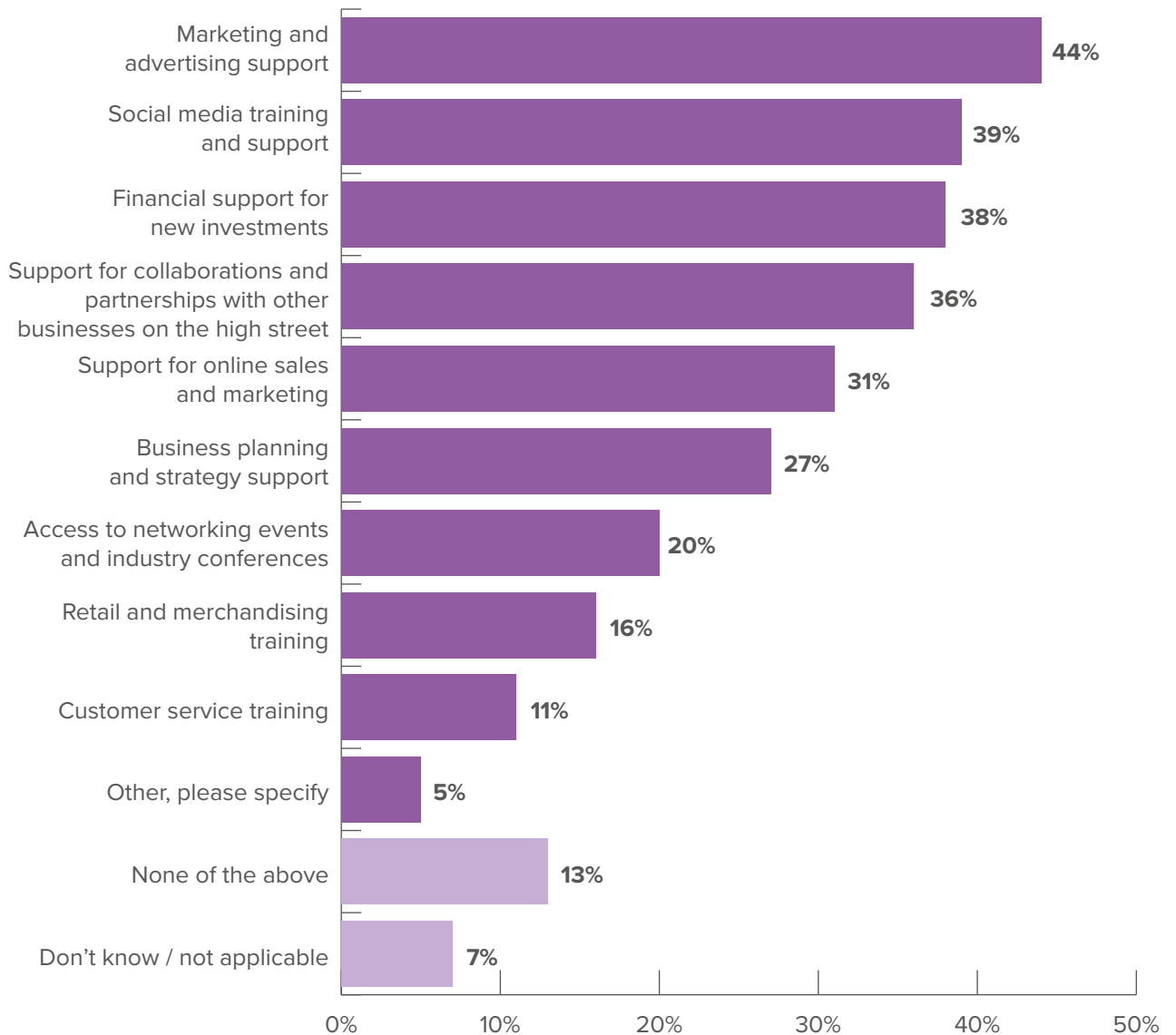


## Smart technologies and future high street trading

The pandemic also caused small businesses particularly those on the high street to come up with a wide range of marketing strategies, for example a café offered virtual coffee mornings.<sup>41</sup> FSB research shows 44 per cent of local firms say marketing and advertising support would benefit their business in comparison to 24 per cent that are not based on the high street; a likely result of the growth of the need for high street businesses to generate income from online.

**Figure 8: Proportion of high street small businesses indicating business support they would pursue**

Source: FSB, High Streets Survey, 2023



41 Federation of Small Businesses, *New Horizons: How Small Firms are Navigating the COVID-19 Crisis*, 2020.

As shown in Figure 8, there is a growing interest among small businesses in embracing new technologies and increasing their digital presence. Two fifths (39%) of high street small businesses say they would pursue social media training and support, demonstrating their recognition of the importance of social media platforms in engaging with customers and promoting their products or services. Additionally, almost a third (31%) say they want support for online sales and marketing, indicating a desire to expand their reach beyond the physical high street and tap into the growing online marketplace.

In an age of online platforms and the growth of artificial intelligence, adequate access to reliable broadband is often taken for granted. However, previous FSB research found small firms in rural areas are more than twice as likely than urban small businesses to report that unreliable broadband reduced the competitiveness of their business (11% vs. 5%).<sup>42</sup> Quality digital infrastructure is vital for high streets and town centres to thrive in the combined digital and physical retail environment of the future. Investing in robust digital networks and technologies will provide a level playing field for all businesses, allowing them to innovate and compete effectively in a digitally interconnected world.

A simple and effective way to improve the experience and operation of the high street is to address the need for seamless connectivity in these areas. Many local authorities, such as Waltham Forest Council,<sup>43</sup> or Huntingdonshire District Council,<sup>44</sup> and some BIDs, have already acknowledged this necessity, not only for the convenience of customers and remote workers utilising nearby cafes but also for the benefits of businesses and consumers alike. As parking and payment systems evolve to incorporate contactless and other digital payment methods, the availability of a reliable Wi-Fi connection becomes indispensable. This simple step makes high streets resilient and ready to adapt to future challenges. Also, councils can harness data generated from these connected services to better measure the high street's performance and identify areas in need of improvement or more capacity.

High streets have the potential to be vibrant destinations that attract both locals and tourists, contributing to thriving local economies. To succeed, each high street must cultivate a unique identity, offering a compelling mix of shops, services, and experiences that cater to diverse needs and interests. While tourism can play a role in the success of high streets, it is equally important to create an environment that appeals to locals through initiatives like loyalty schemes and special events celebrating a town's heritage and culture.



<sup>42</sup> Federation of Small Businesses, *The Growth Belt: Supporting Rural Small Businesses*, 2023.

<sup>43</sup> Guardian Series, Free WiFi rolled out in shopping areas across borough, 2018, <https://www.guardian-series.co.uk/news/16415336.free-wifi-rolled-shopping-areas-across-borough/>

<sup>44</sup> Huntingdonshire District Council, *Free High Street Wi-Fi*, 2024.



## Recommendations:

### Devolved, combined, and local authorities should:

- **Develop and launch region or community-specific online marketplaces that showcase local high street businesses, enabling shoppers to virtually explore, discover, and support their local shops and services.** These localised online marketplaces should be designed to integrate seamlessly with existing e-commerce platforms and social media channels, maximising visibility and reach for small businesses. Devolved and local administrations should work closely with small businesses, business associations, and technology providers to ensure that these marketplaces are tailored to the unique needs and characteristics of each region, promoting the diversity and vibrancy of local high streets.

### Local authorities should:

- **Coordinate with BIDs, tourism boards, and LVEPs to provide free Wi-Fi coverage in priority high street areas.** This initiative would involve a coordinated effort to establish a comprehensive free Wi-Fi network across key locations with a recognisable brand, enabling customers to easily find and pay for goods and services, providing an advertising platform for local small businesses, facilitating smart parking and payment systems, and generating valuable data insights to inform targeted improvements in high street services and capacity.

### Local authorities should:

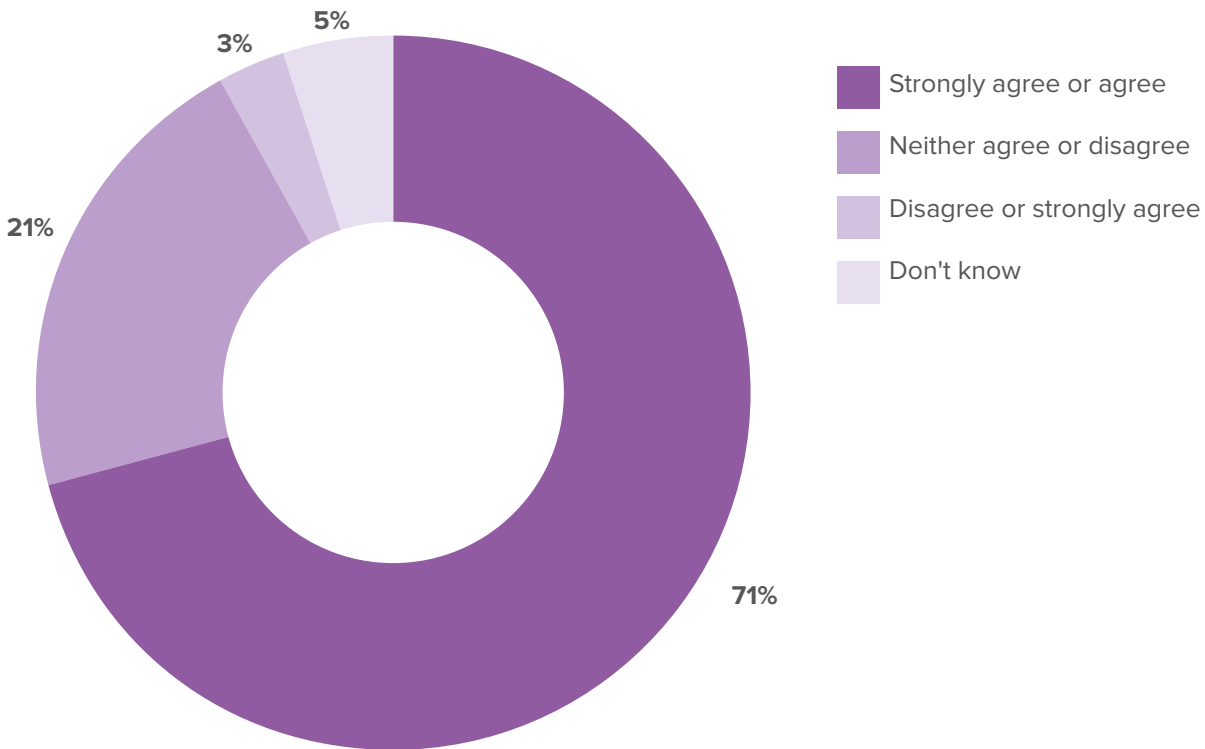
- **Invest in the development of smart high street infrastructure, leveraging Internet of Things, AI, and other advanced technologies to enhance the overall experience for businesses and consumers.** Through initial pilot schemes, this initiative should implement smart parking solutions, intelligent lighting systems, interactive digital signage, and real-time information displays to optimise high street operations and attract more visitors. The data collected from this smart infrastructure should be utilised to inform decision-making, improve resource allocation, and create a more sustainable and resilient high street ecosystem.

### Public perception of high streets

In 2022, FSB worked with Public First to survey public perceptions of small businesses. The results show that there is a strong association of small businesses with the types of shops and services found on the high street. Seventy-one per cent of the public agree they would like more small businesses on their local high street.

**Figure 9: Proportion of the public that state they would like more small businesses on their local high street**

Source: FSB, Public perceptions of small business, 2022



A previous general population survey shows what consumers desire from their ideal high street. Essential services such as banks and post offices top the list, with 92 per cent of Britons favouring their presence. This preference for practical, everyday services is juxtaposed against the rapid disappearance of these institutions from UK high streets. Additionally, pharmacies, restaurants, cafes, clothing stores, and other personal service providers like barbers and nail and beauty businesses are highly sought after, reflecting a demand for a mix of convenience and leisure.

Preferences vary across demographics. Older individuals show a greater inclination towards traditional services like travel agents, newsagents, and post offices, while younger consumers lean towards fast-food outlets, entertainment stores, and cinemas.<sup>45</sup>



45 YouGov, [Here's what Britain's ideal high street looks like](#), 2018.

These diverse preferences highlight the need for high streets to cater to a broad spectrum of consumer needs, balancing practicality with leisure and entertainment to maintain high footfall and relevance. The use of open-source data to map retail spaces, focusing on the density and connectivity of retail units provides in-depth insights for policymakers.<sup>46</sup>

### Visitor destinations and tourism

The recent de Bois review of Destination Management Organisations has spurred an ongoing transition to a new system of Local Visitor Economy Partnerships (LVEPs). This, along with the UK Government's Tourism Recovery Plan aimed at recovery for the long-term success of the sector, should include UK high streets as a core part of these strategies.<sup>47</sup>

Realising this potential will require close collaboration between LVEPs, local authorities, Business Improvement Districts (BIDs), and individual small businesses. Collective efforts to enhance the visitor experience, market local assets and offerings, and create a welcoming and distinctive sense of place will be key. So too will be investments in the public realm, transport connectivity, and digital infrastructure to ensure high streets are accessible, navigable, and engaging for visitors.

### Local loyalty programmes

Local loyalty programmes could also provide a significant boost to UK high streets and the broader tourism sector. Loyalty schemes tailored to local retailers and communities can encourage repeat visits, higher spending, and a stronger sense of connection between shoppers and their high street.

Nine per cent of high street small businesses currently offer a loyalty card. Some sectors on the high street are more likely to offer and make use of these schemes such as food and beverage businesses (36%), retail (22%) and accommodation (22%).

By rewarding customers for their patronage and offering exclusive perks and experiences, these programmes can help drive footfall and sales even during challenging economic times. Small businesses can be drivers of these schemes using digital technologies like mobile apps and QR codes which can make these loyalty programmes more convenient and engaging for users, while also providing valuable data insights for retailers to refine their offerings.



46 Jacob L. Macdonald, Les Dolega & Alex Singleton, An open source delineation and hierarchical classification of UK retail agglomerations, Nature: Scientific Data, 2022.

47 Department for culture, Media and Sport, Tourism Recovery Plan, 2021.

# EXPERIENCE

The experience of the high street is as crucial as its appeal as a destination, and several factors contribute to creating a welcoming and well-functioning environment. Safety is paramount, and people's perception of security on the high street significantly influences their willingness to visit and spend time there. The atmosphere of the high street, including its cleanliness and maintenance, is another key aspect that local authorities must prioritise to ensure a pleasant experience for visitors. Accessibility is also vital, and high streets should be designed to accommodate the needs of disabled individuals and those who require special types of transport and mobility assistance. High streets should strive to be family-friendly, offering amenities and activities that cater to different age groups, ultimately encouraging longer visits and increased engagement with local businesses, benefiting the overall economic health of the area.

## Appearance and atmosphere of the high street

Under a third (28%) of local businesses agree that their high street provides a unique and memorable experience for visitors. Forty-four per cent of local businesses disagree. Local businesses based in the South West (36%) agree most with this statement.

In high streets, having a central, attractive feature or 'anchor' is crucial for their appeal and competitiveness, integral to sustainable development strategies. The presence of these anchors not only boosts local economies but also enriches the high street's vibrancy. Collaboration among government, community groups, and residents is essential in this process.

**"Our high street has been lucky to have stayed vibrant over the years, but it's taken a lot of hard work behind the scenes. The market has been running for hundreds of years now, and that's a huge draw that keeps people coming back. But it doesn't just happen on its own - it takes careful management and coordination with the unique independent shops to create an inviting atmosphere. By supporting our local businesses and working together, we've been able to maintain a town centre that really stands out and makes people want to visit. It's an ongoing effort, but the results are worth it when you see a high street that's thriving."**

Gennaro Borrelli, Gennaro Organic Hair & Beauty, Bedfordshire

Forty-five per cent of high street small businesses see the establishment of new tourist attractions and cultural events in the area as one of the main opportunities for their high street. Almost a third (28%) of high street small businesses say that the creation of more public spaces or amenities is a key opportunity for the high street.

The functioning, perception and atmosphere of the high street can have an outsized impact on the survivability of the small businesses located there. High streets rely on a delicate ecosystem of businesses that together create a destination that attracts shoppers. When this ecosystem is disrupted, it can quickly lead to a downward spiral that is difficult to recover from. Vacant storefronts, construction, roadworks, or anything else that limits access or visibility to shops sends a signal to potential customers that the high street may not be 'open for business'. This perception alone can be enough to keep shoppers away, even if many of the businesses are still operating as usual.

In Preston, the ongoing Transforming Friargate North and Ringway project, aimed at pedestrianising Friargate, has significantly disrupted local businesses since its inception in May 2022. Originally scheduled for completion in March 2023, the project has faced multiple delays, extending through to 2024, due to logistical issues such as the unavailability of necessary construction materials and contractors. This prolonged disruption has severely impacted the income and operations of independent businesses along the street, with many struggling to maintain financial stability and customer access. The situation has escalated to the point where the affected businesses are considering legal action against Lancashire County Council for the continued adverse effects on their livelihoods, highlighting the critical need for effective communication and support mechanisms for businesses during urban development projects.<sup>48</sup>

Small businesses on the high street are especially vulnerable to these kinds of disruptions due to their limited cash reserves and inability to weather prolonged downturns in foot traffic and revenue. Recent government research has shown that over a third of small businesses in the UK have less than one month's worth of cash on hand, while 21 per cent have no reserves at all.<sup>49</sup> This means that even a short-term disruption that limits access to their shop for a few weeks could be enough to put them out of business permanently. Larger chain stores often have deeper pockets to ride out temporary slumps, but for many independent retailers, a few bad weeks can mean closing their doors for good.

### Recommendations:

#### Local authorities should:

- **Implement Disruption Mitigation Action Plans for high street areas where small businesses will be disrupted by construction works or development for six weeks or more.** These action plans should include communication planning, business rates reliefs, local shopping initiatives, and compensation in cases of disruption longer than six months by default to ensure small businesses' operation is not irreparably damaged as a result of these disruptions.

#### Local authorities should:

- **Develop comprehensive resilience and continuity plans for high streets, taking into account potential future disruptions, such as climate change, economic shocks, and public health crises.** This initiative should assess the vulnerabilities and strengths of high street businesses and infrastructure, identifying critical assets, interdependencies, and risk mitigation and climate adaptation strategies. The department should engage small businesses, community stakeholders, and local authorities in participatory resilience planning processes, ensuring that high street resilience strategies are inclusive, adaptive, and responsive to local needs and priorities.

48 Blog Preston, [Friargate businesses consider legal action as council says roadworks will run until autumn, 2023](#).

49 Office for National Statistics, [Business insights and impact on the UK economy, 2024](#).

## Retail crime

Incidences of shoplifting and other forms of anti-social conduct have notably increased, creating an environment that deters potential customers. Almost half (47%) of high street small businesses say that an increase in crime or anti-social behaviour in the area poses the largest risk to the high street.

FSB's *Cracking the Case* report on business crime found of those small businesses that have experienced at least one type of traditional crime, 89 per cent suffered a financial impact from their most impactful crime. Twenty-nine per cent of small businesses in England and Wales say they have experienced theft by a third party in the last two years.<sup>50</sup>

**“Just the other day, I had a customer who popped in, did a bit of shopping, but then came back really quickly. When I asked her what was wrong, she told me there was some dodgy stuff going on down the street - you know, anti-social behaviour and that. She had her kids with her and just didn't feel safe taking them near that area. It's really worrying to think that people might be put off coming to the high street altogether if this keeps up. Everyone should be able to feel safe when they're out and about, doing a bit of shopping or whatever. It's not right that folks are feeling intimidated and scared off from visiting our town centre.”**

Arts and crafts retail store, South West

The rising trend of shoplifting in England and Wales, which has reached its highest level in over two decades,<sup>51</sup> poses a significant threat to the viability and vitality of UK high streets. While the intention to make violence against retail workers a separate offense following FSB campaigning is a positive step,<sup>52</sup> it is crucial that business owners feel confident that all incidents of theft, regardless of the value of goods stolen, will be consistently investigated and prosecuted.

## Street cleanliness and waste management

Local authorities in the UK wield considerable sway over the day-to-day experience of the high street through the services they render. Wider research shows that the appearance and cleanliness of the high street is a key element to pride of place in local communities and a driver of footfall.<sup>53</sup>

Over two-fifths of high street small businesses say their local authority performs well in street cleaning and maintenance (44% well vs. 29% poor), and waste management and recycling services (40% well vs. 29% poor).

50 Federation of Small Businesses, *Cracking the Case: Uncovering the cost of small business crime*, 2023.

51 The Guardian, *Shoplifting rate in England and Wales hits highest level in more than 20 years*, 2024.

52 Federation of Small Businesses, *Violence against retailers to be made standalone criminal offence*, 2024.

53 Community Fund, *From neighbours to neighbourhood: Learning on how to boost pride in place*, 2022.



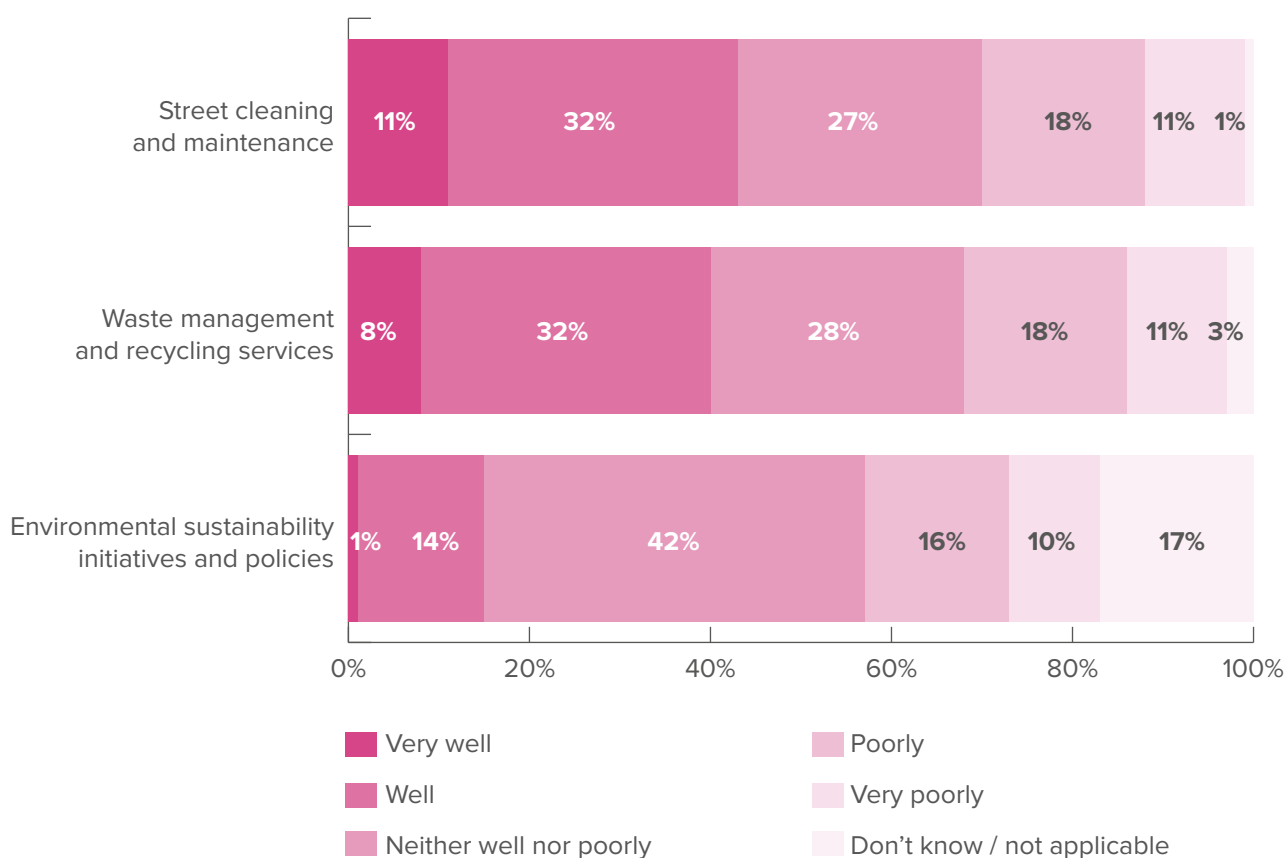
Joint research by FSB and Public First in 2022 showed that a fifth (22%) of UK adults said they would visit businesses on their local high street more if the streets were cleaner/more pleasant to walk through. Perceptions of cleanliness and waste management are mainly caused by litter and fly-tipping on the street. Incidents of fly-tipping in England are high with 1.08 million fly tipping incidents in 2022/23.<sup>54</sup>

Though many of the causes of street cleanliness are out of the control of local authorities, there are frequent cases where mismanagement or poor performance can cause confusing waste management rules or set a lower standard of appearance, further worsening high street cleanliness.<sup>55</sup>

The decline in quantity and quality of public toilets also has an impact on street cleanliness. Public toilets can encourage longer stays on the high street. This not only enhances the shopping experience but also drives footfall across a broader range of businesses. A lack of facilities due to local authority cost-savings can also end up costing businesses more in the long-term as they attempt to cover the service themselves.<sup>56</sup>

**Figure 10: How well or poorly high street businesses think services are provided in relation to their high street**

Source: FSB, High Streets Survey, 2023



54 Department for Environment Food & Rural Affairs, [Fly-tipping statistics for England, 2022 to 2023](#), 2024

55 2022, Commons Library Research Briefing. [Fly-tipping – the illegal dumping of waste](#).

56 BBC, [York: Spending a penny is costing businesses ‘thousands’](#), 2024.

Accessibility and inclusivity are key components of a welcoming high street experience. Thirty-five per cent of local business owners that state their day to day activities are limited a lot because of a health problem or disability, say their local high street is accessible for individuals with disabilities.

### Recommendations:

#### The Ministry of Housing, Communities and Local Government should:

- **Establish a dedicated fund for local authorities to support the reintroduction, regeneration, and operation of modern public toilets with baby changing facilities for families and ease of access for disabled visitors in priority high street areas.** This could provide financial assistance to local authorities citing significant cuts to available funds as the main driver of public toilet closure. New protected funding should be introduced for local authorities and businesses to install and maintain accessible, well-equipped public toilets, enhancing the high street experience for visitors, particularly those who are pregnant, disabled or have wider medical needs, adding ambition to and build upon the success of the Changing Places toilets fund.<sup>57</sup> By ensuring the availability of clean and convenient facilities, this fund would encourage individuals and families to spend more time in high street areas, treating them as destinations in their own right, thereby increasing footfall and supporting local businesses.

#### Local authorities should:

- **Establish family-friendly high street service locations that offer public or private creche facilities, family support, and other community services.** These multi-purpose spaces would serve two key functions: providing essential support for families and creating opportunities for them to spend more time on the high street. By offering childcare services and a safe space for families to meet, these locations would enable parents to shop, socialise, and engage with the local community. Additionally, these facilities could include public toilets and baby changing areas accessible to all family members, further enhancing accessibility and convenience for families, ultimately encouraging them to extend their visits to the high street.



<sup>57</sup> Department for Levelling Up, Housing and Communities, [Changing Places toilets fund](#), 2023.

# INFRASTRUCTURE

## Transportation

Local public transport is also key to convenient accessibility to the high street. Views are split on the delivery of public transportation access and services with over a third (37%) of local businesses saying it is delivered well, and over a third (34%) saying they believe it is delivered poorly. Regional differences are stark with 65 per cent of local small businesses in London saying public transportation is well provided, this compares with only 28 per cent in the South West or West Midlands.

Bus statistics for Great Britain show that average bus fare prices increased on average 4.3 per cent year-on-year from 2012 to 2022, significantly higher than Consumer Price Index (CPI) figures in that period. This is also combined with inconsistent increases year-on-year of per journey costs and per vehicle mile costs, which have outstripped wider inflation from 2019 to 2022.<sup>58</sup>

Previous FSB research shows that efficient access to public transport is key to a potential change in their transport habits. Over a third (35%) of small businesses had not changed their transport behaviour because public transport was inefficient or unavailable.<sup>59</sup> There are also indications that the barriers to public transport use are higher depending on the type of location businesses operate within, seven per cent of small businesses in rural areas had started to use public transport more often compared with 13 per cent of urban small businesses.<sup>60</sup>

**“The tram extension that runs past my studio has been a game-changer for our high street. It’s just so easy for people to get here now, and you can really see the difference in the number of people coming into town. It’s given us a boost, and I think it’s going to keep paying off for a long time to come.”**

**Philippa Dytham-Double, Double Image Photography, Nottinghamshire**

Lower costs and increased provision make for better connectivity to the local high street. The UK Government’s *Bus Back Better* national bus strategy for England rightly acknowledges the footfall and levelling up benefits that properly run local bus services can have. It is key that Local Transport Authorities (LTAs) develop detailed short-term and long-term plans for bus routes, frequency and design. This would ensure that small businesses on the high street are properly supplied, their employees can easily commute, and their customers perceive their high street as convenient, simple and cheap to visit on buses and other public transport.<sup>61</sup>

58 Department for Transport, [Quarterly bus fares statistics: January to March 2023](#), 2023.

59 Federation of Small Businesses, [Accelerating Progress: Empowering small businesses on the journey to net zero](#), 2021.

60 Federation of Small Businesses, [The Growth Belt: Supporting Rural Small Businesses](#), 2023.

61 Department for Transport, [Bus back better](#), 2021.

## Recommendations:

### Local authorities should:

- **Introduce a ‘High Street Hop’ scheme, providing free bus fares on key routes through high streets during peak shopping days to boost footfall and support local businesses.** The scheme could also include free fares for high street employees, helping to support the local workforce. By removing the financial barrier of bus fares and incentivising people to visit high streets using public transport and to drive overall footfall to high streets and town centres.

### Local authorities should:

- **Develop and implement comprehensive scooter, cycling and healthy travel access plans, along with improved parking strategies for each, tailored specifically to high streets.** These plans should recognise the importance of healthy travel options for both local residents and tourists and aim to reduce congestion and improve air quality around high streets by encouraging the use of alternative transportation methods. The initiative should include the provision of safe and tidy storage facilities for bicycles and scooters, which can quickly dominate high streets with restaurants providing delivery services via third parties. Each of these parking bays should also include charging points for electric-powered vehicles and accommodation for bicycle trailers. These plans should be designed to integrate seamlessly with existing local public transport networks, such as buses, trams, and trains, as well as car parking access points.

## Parking and traffic management

Parking availability significantly influences high street accessibility, affecting residents, workers, shoppers, and service deliveries. Effective parking strategies are pivotal in urban retail area policy and planning to maintain or enhance accessibility. The provision of ample, convenient, and affordable parking is frequently cited as a key determinant in high street selection.

FSB’s 2022 research with Public First showed that 38 per cent of the UK public said more accessible or cheaper parking would most encourage them to visit businesses on their local high street. Public opinion research has shown that the placement and design of parking areas are critical. Some consumers are simply put off by parking charges and often choose to use out-of-town shopping centres or retail parks as the parking is free.<sup>62</sup>

FSB research shows around half (49%) of high street small businesses say parking facilities are managed poorly in relation to their local high street. Fifty per cent of high street small businesses in Scotland say parking is managed poorly.

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<sup>62</sup> Public First, *Town Centres and High Streets*, 2020.

**“Honestly, parking in our town centre has become a real nightmare, even more so than before. I mean, you better make sure you’ve got a handful of change jingling in your pocket, because you’re going to need at least a fiver, or six quid just to park for a couple of hours! It’s crazy. Back in the day, popping down to the high street for a bit of shopping used to be a regular thing, you know? You’d just go on a whim, no big deal. But now, it’s turned into this whole frustrating rigmarole. You’re circling around, hunting for a space, getting more and more wound up. And then when you finally do find a spot, the cost of parking just adds insult to injury. It’s no wonder people are thinking twice about coming into town for their shopping these days.”**

**Gennaro Borrelli, Gennaro Organic Hair & Beauty, Bedfordshire**

The main impact of car parking for the short-term viability of the high street is the convenience and cost for the consumer, however this depends heavily on the local economy and physical characteristics of the high street in question. It is difficult to quantitatively build a robust relationship between footfall and parking availability.<sup>63</sup>

To optimise footfall on UK high streets customer convenience is paramount, necessitating the provision of free or low-cost parking. Strategic parking pricing is crucial as it serves as an incentive for visitors, potentially increasing the volume of customers who choose the high street as their shopping destination. This approach is not just about accessibility; it’s also about making the high street more attractive for shoppers who may otherwise opt for out-of-town retail parks with ample free parking.

There is a widespread perception that local authorities are treating parking as a revenue-raising exercise for councils. Recent analysis shows that parking income for councils has soared in 2022/23 to almost £1 billion from £318 million in the previous year.<sup>64</sup> The Road Traffic Regulation Act 1984 states that councils in England can only use parking revenues for parking and other related local transport maintenance purposes and cannot raise parking revenues towards the General Fund by other purposes.<sup>65</sup> Parking fees should be lower; any investment using these funds should be used to ensure these costs are lower in the future, and investment should go towards increasing better access to the high street.

**“I think a lot of councils have the whole parking thing completely wrong where they just see it as another income source, when, in fact, it’s a real way of attracting people, in which the big out of town shopping centres have the advantage.”**

**Tony Goodman, Systems Consulting, Warwickshire**



63 The Welsh Government, [Assessing the impact of car parking charges on town centre footfall](#), 2015.

64 Ellie Ames, LocalGov, [Councils’ parking revenue approaches £1bn](#), 2023.

65 Commons Library Research Briefing, [Parking policy in England](#), 2023.

Outside of councils' control are the rise of private parking facilitation and the inconsistencies in price levels and when navigating their apps, websites, and payment rules. Since the Parking (Code of Practice) Act 2019 received Royal Assent in March 2019, FSB's previous high streets report *Streets Ahead* called for the expedited release of a comprehensive Private Parking Code of Practice, but this has since stalled.<sup>66</sup>

The Government has since published a call for evidence, though at the time of writing it remains unclear when a new and updated Code will be introduced.<sup>67</sup> It is vital that the Code considers the impact in the long-term on high streets and town centres which depend on shoppers being able to access them cheaply and conveniently.

**“The parking situation in our town centre is just ridiculous. It’s like they’ve got no mercy when it comes to the charges. I mean, zero time, zero allowance - you so much as blink, and you’re already racking up the fees. But that’s not even the whole story. Just a stone’s throw away, maybe a mile or so, we’ve got these massive shopping centres and retail parks popping up and they’ve got free parking. Why would anyone bother coming into town, dealing with the stress of finding a spot, and spending just to park, when they can pop over to the retail park and park for free?”**

David Clare, Exposed Design Consultants, London

Parking policies must allow for seamless access to the high street without congesting it, thus maintaining a fluid and enjoyable shopping experience. The spatial layout should encourage longer stays, allowing customers to explore and patronise multiple businesses without the rush induced by prohibitive parking costs or restrictions. Achieving this equilibrium between vehicle accessibility and pedestrian-friendly spaces is essential for a bustling, yet relaxed high street atmosphere that appeals to visitors and supports local businesses.



66 Department for Levelling Up, Housing and Communities. [Private Parking Code of Practice](#), 2022.

67 House of Lords Library, [Private parking code of practice: Latest developments](#), 2023.



## Recommendation:

### The UK Government should:

- **Mandate that all public parking fees do not increase higher each year than the annual Consumer Price Index (CPI) and complete the update to the Private Parking Code of Practice by 2025 to deliver fairer private parking charges.** This measure will deliver a fair, transparent, and economically aligned approach to private parking charges, providing consistency and predictability for consumers and businesses utilising these facilities.

### Local authorities should:

- **Introduce a policy providing free parking on at least two Saturdays per month and at least two additional days each month capitalising on high footfall and considering local commuter patterns, major events, festivals, and holidays in high street areas.** This initiative aims to boost footfall and support local businesses by making high streets more accessible and attractive to visitors during these critical times.

### The Ministry of Housing, Communities and Local Government should:

- **Create comprehensive high street car parking plans with a new national target for the number of EV charging stations in high street areas in cities, towns and rural communities.** This should focus on the development of unobtrusive off-street parking facilities and electric vehicle (EV) charging stations. This strategy should include tracking current needs and future investments, enhancing accessibility while supporting sustainable transportation goals.

### The Ministry of Housing, Communities and Local Government should:

- **Grant local authorities access to a dedicated fund, provided by the national government, designed to balance parking charges between retail parks and nearby high streets or town centres.** Relying on a Key High Street database to identify need, and also submissions from local authorities for funding. This fund would be available to areas where a retail park is located within three miles (or further in rural areas) of a designated important high street or town centre, ensuring equitable parking costs and encouraging foot traffic to support local businesses in these vital commercial areas.

### Local authorities should:

- **Design traffic management zones which have demonstrable support from local businesses and communities with clear purpose and which avoid harm to business delivery routes and emergency vehicle access.** Low traffic schemes are often an important opportunity to reduce air pollution and congestion around high streets, creating a more open, safe, and inviting atmosphere that benefits both businesses and visitors. The schemes should include meaningful consultation with small businesses, local communities and co-designed with businesses and emergency services to ensure unobstructed access. Creation of these zones should emphasise the importance of maintaining clear delivery routes for high street businesses and protecting customer footfall as integral components of any traffic management plan.

## Access to cash on the high street

UK Finance research shows that cash use has declined by around two thirds between 2012 and 2022, while card payments have in turn increased by almost as much in that time. Despite that long term decline, cash is still the second most common payment method used in the UK, and research shows that cash remains important with the overall volume of cash payments increasing from six billion payments in 2021 to 6.4 billion in 2022.<sup>68</sup> RSA research found 48 per cent of consumers would find it problematic if there was no cash in society – of this group 22 per cent said they don't know how they would cope and 18 per cent said they would not cope at all.<sup>69</sup>

A third (34%) of small businesses say reduced ability to accept cash payments in the future would pose one of the biggest risks to their local high street.

**“The main change we have seen in the past years has been the banks. They have closed and some of the bigger retailers are going too. There’s quite a lot of changes on the main high street but it does often seem busy. My business is on the periphery so protected from a lot of the churn, but since the pandemic it’s been very tough for everyone.”**

Philippa Dytham-Double, Double Image Photography, Nottinghamshire

The infrastructure which supports use and access to cash is being withdrawn faster than demand for cash is reducing. This is forcing many small businesses to go cashless when they have no other option. Fifty-eight per cent of local businesses say they had seen bank branches close on their high street since the Covid-19 pandemic.

While there are regional differences, all regions have a critical mass of small businesses that require ongoing access to cash infrastructure. Over three-in-five local businesses saw bank branches close in this time in the South West (64%), Yorkshire and The Humber and the North East (62%), North West (61%), and the East Midlands (61%). This is compared to less than half of local businesses in London (46%).

**“The banks have made it more expensive to pay cash. It’s their actual policy. It’s not that it’s intrinsically more expensive to pay by cash, it’s because we are being forced down that avenue.”**

Jackie Cartigny, High Fold Guest House, Cumbria

Previous FSB research found almost nine in ten (87%) high street businesses said it was important to have a local bank branch on their high street. Two fifths of all small businesses made regular cash deposits, but this is significantly higher among high street businesses (59%).<sup>70</sup>

68 UK Finance, *Payments Market Report*, 2023.

69 RSA, *The Cash Census*, 2022.

70 Federation of Small Businesses, *Streets Ahead: How small businesses are saving the high street*, 2020.

**“The banks are saying that they won’t operate and that there should be a banking hub. We are now having to scramble around to try and make sure one happens. Why can’t there be a requirement that a town has a bank? Why can’t there be a requirement that a town has a post office? We are lucky here because we have a good community with enough time and resources to make things happen. Don’t know what other areas are like. But for now, here it’s difficult because I can’t pay cash into my account.”**

**Philippa Dytham-Double, Double Image Photography, Nottinghamshire**

Banking hubs are a proposed solution to this problem, by providing services and advice to (often vulnerable) consumers locally, whilst also offering business withdrawals and deposits. The current pace of agreeing and setting up banking hubs does not currently match the speed of bank and building society branch closures in local high streets. LINK recommends that banking hubs are required in at least 83 more locations across the UK.<sup>71</sup>

Alongside banking hubs, small innovations in providing banking or cash services locally have already been introduced in some areas such as the Cashback Without Purchase initiative,<sup>72</sup> and community banks and charities providing banking advice.<sup>73</sup> But these services are also at risk in line with bank closure trends as supermarket banking services are also withdrawn,<sup>74</sup> and high street based community centres and outlets close or move further away from town and village centres. In FSB’s high street survey, 28 per cent of small businesses have seen a Post Office close since the beginning of the Covid-19 pandemic, although the total number of branches in the network is now recovering in 2023.<sup>75</sup> Post Offices have served as the foundation of banking hub delivery, handling £3.57bn of cash in May 2024 alone, so the fluctuation and uncertainty around the coverage of the network further damages small business confidence in the reliability and long-term security of cash infrastructure.

The Future of Payments Review was released as part of the 2023 Autumn Statement.<sup>76</sup> The forthcoming National Payments Vision, as recommended by the recent Payments Review, represents a significant development for UK high streets and small businesses. This vision is set to address the strategic priorities for UK payments, including the role of the New Payments Architecture. The focus on enhancing oversight and strategy for both cash and card payments is important. The Government should maintain cash as a vital component in this future framework, considering its significance for a diverse range of consumers and small businesses.



71 LINK, [Bank Branch Closures](#), 2023.

72 MoneySavingExpert, [Shoppers will be able to withdraw cash in more than 2,000 stores across the UK without having to buy anything or pay a fee](#), 2021.

73 The Centre for Local Economic Strategies, [Mutuals and community banks](#), 2023.

74 RetailWeek, [Sainsbury’s has sold its banking services to NatWest so it can focus on retail](#), 2024.

75 Post Office, [Network Report](#), 2023.

76 HM Treasury, [Future of Payments Review 2023](#), 2023.

FSB responded to the Financial Conduct Authority's (FCA) consultation on access to cash, welcoming the proposals as a positive start but urging for a more ambitious approach. There is need for a broader focus beyond ATMs to include cash deposit services and face-to-face assistance, calling for the development of banking hubs that cater to SME needs.

A small business must be free to choose which payment options it wishes to accept, including cash. To enable this, it's vital for the infrastructure required for cash to remain available in all areas. Cash access is too important to be left to innumerable individual commercial decisions which, taken together, represent a significant threat to people and businesses' ability to withdraw, process and deposit cash.

### Recommendations:

#### The UK Government should:

- **Establish a 'Banking Hub Setup Fund', funded by the high street banks, to assist in covering the purchase and setup costs of banking hubs on high streets or in town centres.** This fund would facilitate the establishment of accessible banking services in these areas, thereby supporting local economies and ensuring essential financial services remain available to businesses and the community. Post Office as a main partner of bank hubs will benefit from the fund and growth of hubs in areas which need them, providing more opportunity for those who want to run them. Banks with closing branches should fund banking hub projects in proportion to their planned branch closures.

#### The Financial Conduct Authority (FCA) should:

- **Require banking hubs to maintain small business and cash infrastructure services as an essential component of their remit.** Consumers access to cash should be supported via banking hubs and ATMs, though small businesses will not be able to serve customers with a diverse range of payment options if they have nowhere to get coins for their change or be able to deposit their cash safely and conveniently at the end of a trading day.

#### Major UK high street banks should:

- **All sign up to maintain their place in the Post Office Banking Framework for at least the next five years, to guarantee continued provision of cash infrastructure for businesses and their customers.** The Framework provides certainty and stability for Post Office operation and, most importantly, the small businesses that utilise the cash services. When banks withdraw from the Framework, their small business customers are left without the services they need and must fall back on a diminishing set of alternatives. Full commitment now means higher use of Post Offices and more reliability for small businesses using their banking services at these locations.

# COMPETITIVENESS

To ensure the long-term self-sustainability of high streets, it is crucial to enhance their competitiveness in relation to retail parks and online shopping. The government must implement a comprehensive strategy that supports small businesses and high streets, creating a more equitable business rates system and actively encouraging employment and startup ventures in these areas. By empowering high street businesses to offer competitive prices, unique experiences, and localised services, the government can help position these vital community hubs for long-term success and sustainability.

## Risks and opportunities for the high street

Many of the largest risks posed to the local high street relate to footfall itself or factors which can impact footfall. Just under half (47%) of high street small businesses say a decrease in local population or footfall poses one of the biggest risks for their high street. The perceptions of this risk are largely uniform among high street small businesses in England (45%) but are of particular concern in Scotland (61%).

**“Footfall is everything. What I’m seeing and hearing from other businesses in London is that footfall is so unpredictable now after Covid. They will have two or three nil days in a week. Then they’ll be swamped one day and taking lots of money. The pattern of shopping has changed completely. It’s about trying to address that and attract people. Bring people in and try a degree of consistency.”**

David Clare, Exposed Design Consultants, London

Seven in ten (70%) high street small businesses see a decrease in consumer spending, and almost 46 per cent see an increase in online shopping and delivery services, as risks to the high street. Retail goods or convenience stores on the high street are significantly more likely than other business types to say online shopping and delivery services are a risk to the high street (60%).

**“Over the last year when energy prices went up, we had fewer clients. My biggest concern is how people’s spending patterns might change over the next year.”**

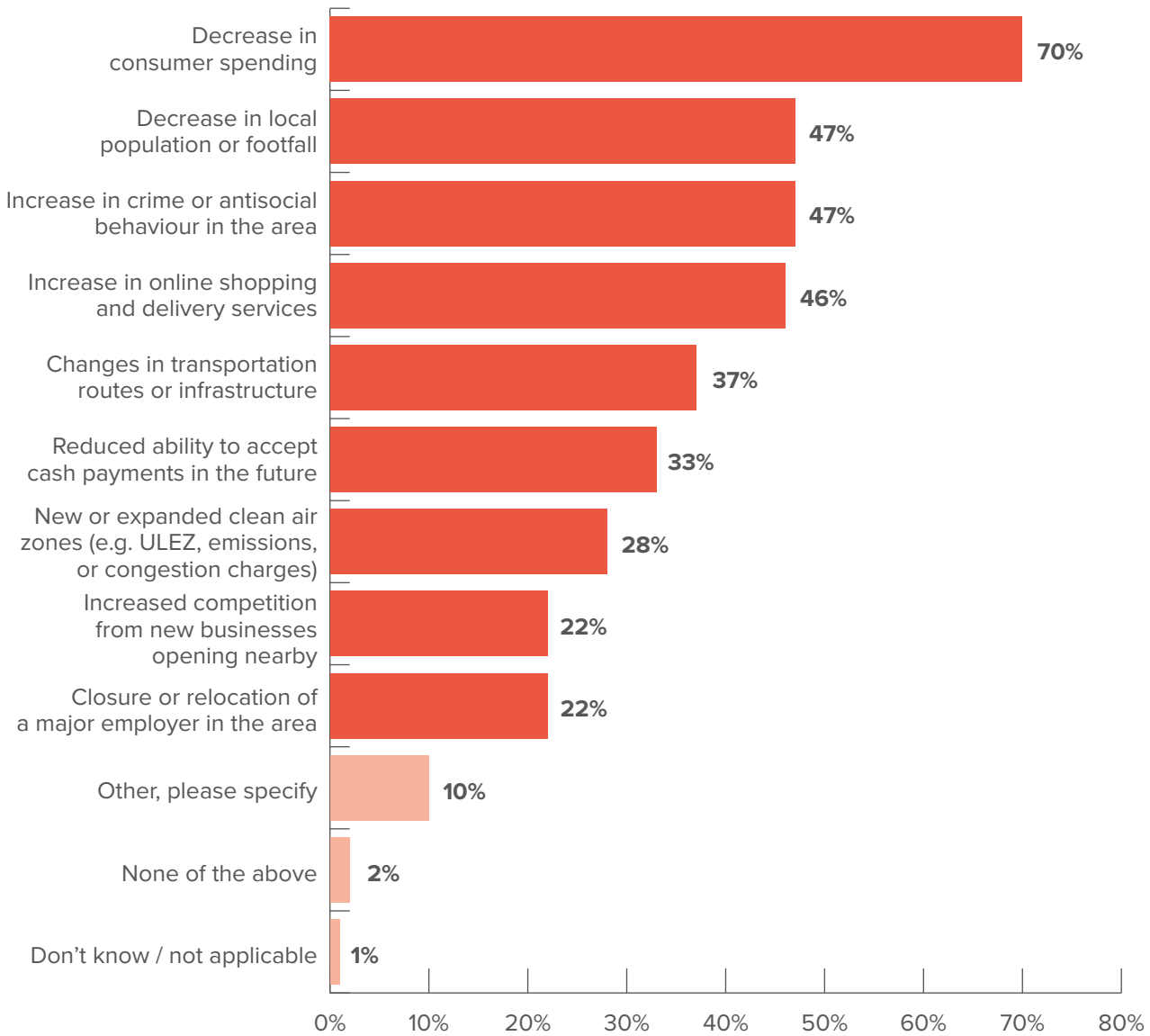
Hitesh Patel, H3 Wellbeing, Haringey





**Figure 11: Factors posing the largest risks to the high street identified by high street small businesses**

Source: FSB, High Streets Survey, 2023



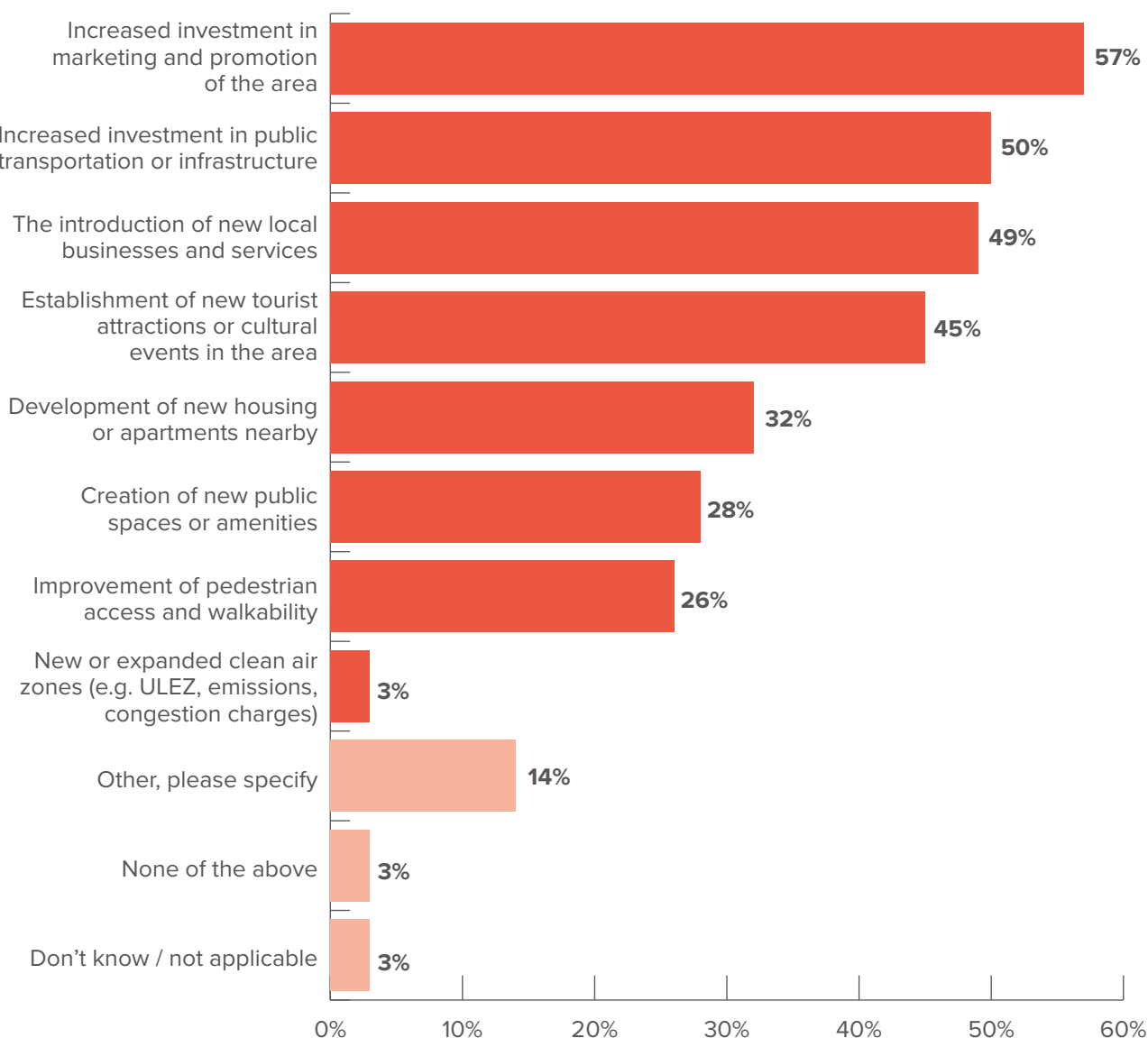
The Local Government Association highlights that pre-pandemic trends like the decline of retail and the ascent of online shopping have reshaped the high street landscape, turning it from a traditional retail hub into a leisure destination. This transition, necessitated by the closure of large retail units and a shift in consumer expectations for an experiential visit, has led to a significant decline in footfall as there are fewer large shopping outlets to collect demand in concentrated amounts, further exacerbated by the pandemic.<sup>77</sup>

<sup>77</sup> Local Government Association, *Creating resilient and revitalised high streets in the 'new normal'*, 2022.

Maintenance to local infrastructure can also have an impact on footfall on the high streets. A useful example is disruption faced in Kirton, Lincolnshire where flood safety works that were expected to last 12 weeks lasted for a considerable length of time and reduced customer access to businesses.<sup>78</sup> When local authorities plan infrastructure maintenance impacting high streets, they should prioritise strategic planning and stakeholder engagement to mitigate adverse effects on local commerce. Authorities should also explore financial support mechanisms for affected businesses.

**Figure 12: Proportion of high street small businesses identifying changes posing largest opportunities to the high street**

Source: FSB, High Streets Survey, 2023



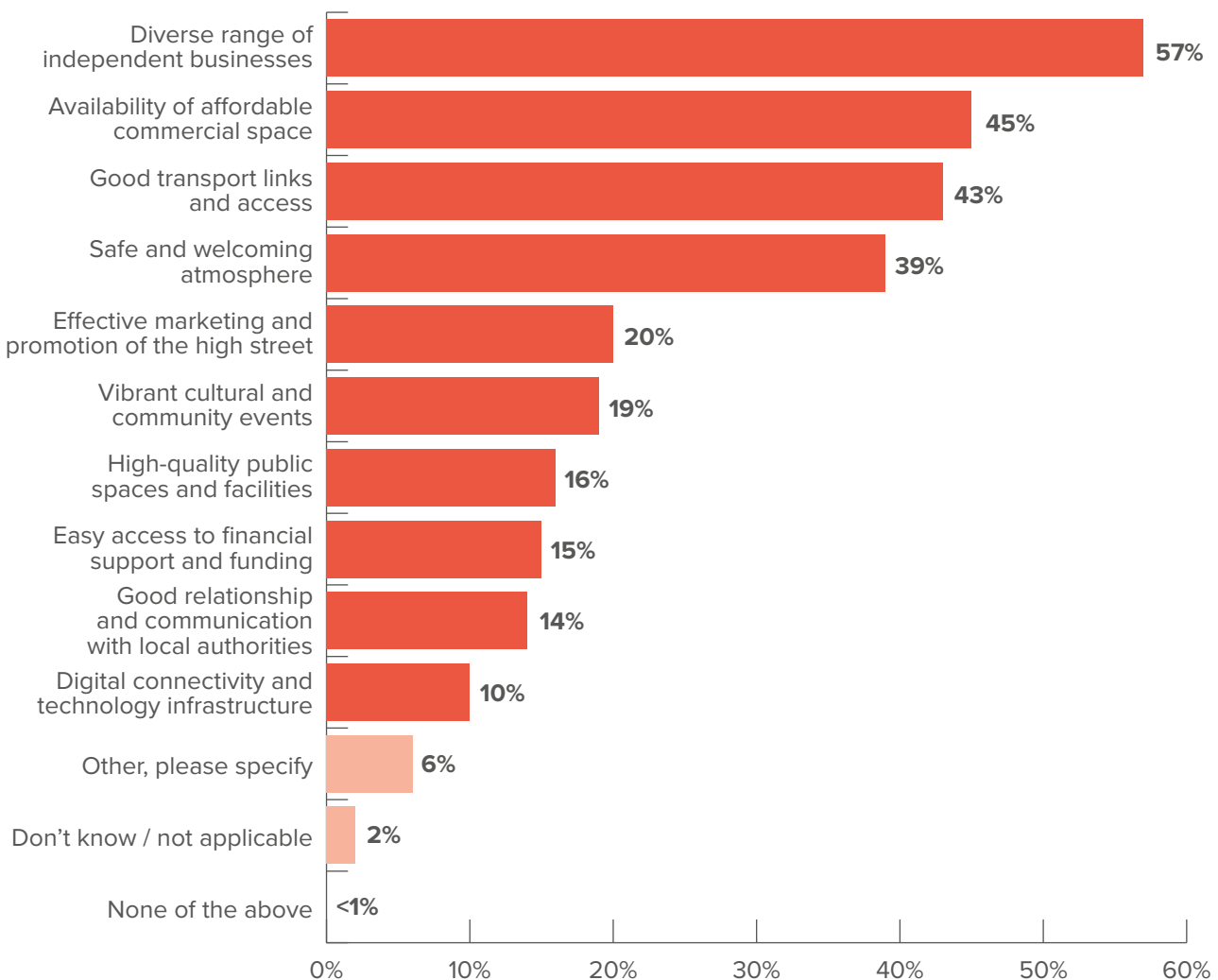
78 Lincolnshire World, [Kirton High Street traders angry over impact of flood works, 2022.](#)

Over half (57%) of high street small businesses say that increased investment in marketing and promotion of the area poses one of the largest opportunities for their high street. Almost half (49%) of high street small businesses say the introduction of new local businesses and services would pose the biggest opportunity for their business. This figure increases to 65 per cent for small high street businesses based in rural areas. Nearly three fifths (57%) of high street small businesses say increased investment in marketing and promotion of the area and half (50%) of high street small businesses say investment in public transportation or infrastructure pose the biggest opportunities to their local high street.

The majority of local businesses (57%) say a diverse range of independent businesses is one of their top three most important features for the long-term sustainability and future of their local high street. Over a third of local businesses cited availability of affordable commercial space (45%), good transport links and access (43%), and safe and welcoming atmosphere (39%) (Figure 13).

**Figure 13: Proportion of local businesses identifying the three most important features for the long-term sustainability and future of their high street**

Source: FSB, High Streets Survey, 2023



Local businesses in urban areas are more likely than rural based local firms to say availability of affordable commercial space (46% vs. 38%) and high quality public spaces and facilities (17% vs. 9%) are most important for the long-term sustainability and future of the high street. Fifteen per cent of rural local businesses state digital connectivity and infrastructure are important for the future of the high street compared with nine per cent of those in urban areas.

**“It’s important to redevelop the town centre in a way that it will be fit for purpose for the future, so that it becomes a destination point. It’s the way people actually feel they come into the town, not just to shop. Somewhere where they can have entertainment there for the family. They can eat, they can drink, socialise, maybe even places of worship.”**

Gennaro Borrelli, Gennaro Organic Hair & Beauty, Bedfordshire

Almost a third of local businesses (32%) agree that their local high street has adequate outdoor spaces for seating and gatherings, this number reduces to 24 per cent for small businesses in the accommodation and food service sector. Two-fifths (40%) of local businesses agree the appearance and cleanliness of their local high street is well-maintained and there is a sense of community and belonging to their local high street.

**“You have to have that point of saying, what is it you’re going for? What’s the one thing you know you want to focus on. Is it going to be something for everybody in this community can just wander up, have a sit down, you know, have a chat, is what services are they going to have health and well-being centres in them, you know. Are you going to have entertainment too?”**

FSB member, Launderette, East of England

## Business rates and high street small businesses

Business rates are a crucial factor in the success of small businesses on the UK high street and, by extension, the vitality of high streets themselves. Recognising the burden that fixed, pre-profit taxes place on small-scale retailers and service providers, the Government’s own review of business rates has also acknowledged these challenges.<sup>79</sup> Each devolved nation has their own control of business rates levels and how it is collected.

High street businesses, particularly those struggling to compete with online counterparts with lower rate liabilities, have highlighted the pressing need for a tax system that is conducive to growth. The Small Business Rates Relief (SBRR) (or in Scotland, Small Business Bonus) is a key part of this. SBRR nullifies business rates on properties with a rateable value of £12,000 or less, and tapers the charges between £12,001 and £15,000, in England. Businesses can still get SBRR when they own multiple properties if no other property has a rateable value above £2,899 and the total rateable value does not exceed £20,000 (£28,000 in London).

<sup>79</sup> HM Treasury, [HM Treasury fundamental review of business rates](#), 2020.

The Scottish Small Business Bonus Scheme operates differently, focusing on aggregate values across multiple properties. The full bonus is given to businesses that have a combined rateable value (i.e. across one or multiple properties) of £15,000, with a 25 per cent bonus applied (per property) to businesses with a rateable value of between £15,001 and £35,000. However, this does not apply to properties with a rateable value above £20,000.

In Wales, full relief is given to business premises with a rateable value of up to £6,000, and tapered from full relief to zero for business premises with a rateable value between £6,001 and £12,000. An allowance also exists for businesses to claim relief under two possible properties.

In Northern Ireland, rates are based on the Net Annual Valuation (NAV) of a property, and are calculated based on a regional rate, set by the devolved government at Stormont, and a district rate, set by local councils. The SBRR scheme is available at 50 per cent to properties with NAV up to £2,000, 25 percent to properties with NAV £2,001-£5,000 and 20 percent to properties with NAV £5,001- £15,000. It is not available to businesses with four or more premises and cannot be awarded in conjunction with other reliefs.

Almost half (49%) of high street small businesses say that the current SBRR is essential and that their business would not survive without it. Sixty-five per cent of high street small businesses say that SBRR is important or essential to their business overall (Figure 14).

**“Our branch is just off the high street. It’s a small site and we get relief for that and it’s great. It really supports us. Then we have a second branch which is a quarter of the size in another town close-by, but I can’t have relief on that? Even when it’s a different area and different local authority. So, it’s a barrier, you know, because I could be in a position to grow to four or five locations and the biggest considerations is I’d have to pay rates on every single one of those small shops.”**

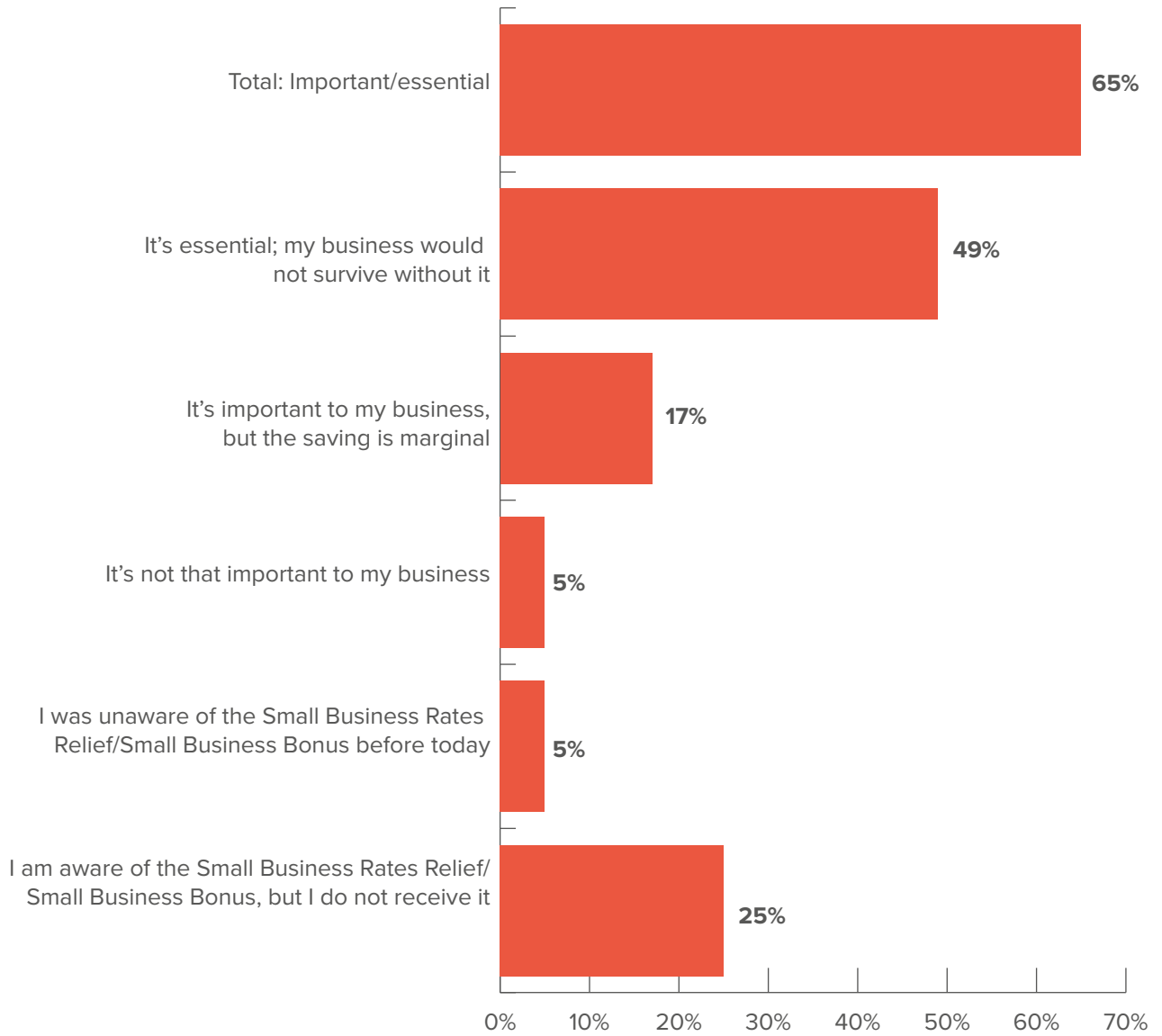
FSB member, Retail, East of England





**Figure 14: High Street small businesses and the importance of SBRR**

Source: FSB, High Streets Survey, 2023



SBRR is not merely a lifeline for the survival of high street businesses in the UK; it also plays a pivotal role in fostering their growth. By alleviating the financial burden of business rates, small enterprises are empowered to reinvest their resources more effectively, paving the way for expansion, innovation, and enhanced competitiveness in the vibrant high street economy.

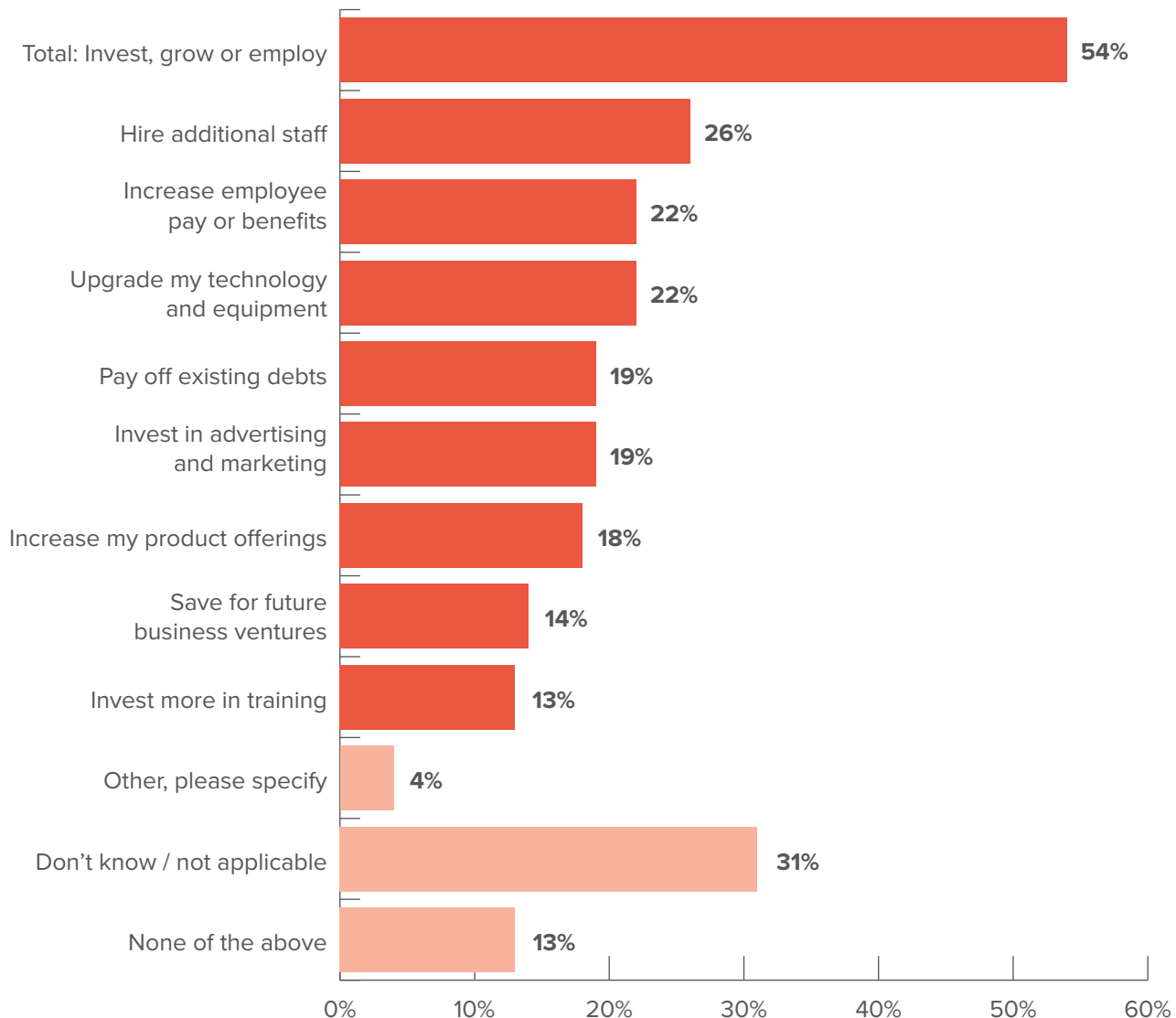
“I get SBRR, and I wouldn’t be here without it. I worry if my value goes above that threshold. I obviously have smaller premises. So, I don’t suffer from business rates as I get exemptions. Perhaps there ought to be more gradation in the way that these things are charged, so that it attracts more smaller businesses, makes it more enabling for them.”

Tony Goodman, Systems Consulting, Warwickshire

Over half (54%) of high street small businesses say they would invest in or grow their businesses if the SBRR threshold was increased from £12,000 of rateable value to £25,000. Twenty-seven per cent of high street small businesses would hire additional staff, upgrade their technology and equipment (22%) or increase employee pay/benefits (22%) if the SBRR threshold was increased to £25,000.

**Figure 15: Actions that would be taken by high street small businesses if the SBRR threshold was increased from £12,000 to £25,000**

Source: FSB, High Streets Survey, 2023



## Recommendations:

### The UK Government should:

- **Increase the threshold for SBRR to £25,000.** This adjustment would address the pressing concerns of high street businesses for whom the current pre-profit tax is a significant barrier. By raising the SBRR threshold, the Government can provide crucial support to many small businesses that rely on this relief for survival, while also enabling others to pursue growth opportunities more effectively. Increasing the SBRR threshold would provide decisive help to over 250,000 businesses covered by the relief. As part of the expansion of the SBRR threshold, the Government could also balance this with a newly expanded threshold taper which currently exists between £12,000 and £15,000 of rateable value to further soften the cliff-edge which exists for this relief.

### The UK Government should:

- **Revise the SBRR policy to allow businesses to claim relief for up to two properties each with a rateable value up to the SBRR threshold, with a 50 per cent relief on the third.** Instead of being limited to crucial support for just one property, small businesses could be protected by SBRR when growing into a second and third property. This change would support the growth of small chains by reducing the financial burden as they expand to new locations, thereby contributing to the vibrancy and diversity of multiple high streets and town centres. This would cost between £50 million and £80 million depending upon the level of an increased threshold and the extent to which the policy encourages creation of new small business chains.

### The UK Government should:

- **Increase the frequency of business rates revaluations to take place annually, instead of the current three-year cycle.** The move to a three-year revaluation cycle in the Non-Domestic Ratings Act 2023 was a positive step. The system should over time move to more frequent revaluations to help keep pace with the rapidly changing realities of high streets and the specific challenges faced by small businesses, ensuring that business rates more accurately reflect current market conditions and economic factors.

### The Valuation Office Agency (VOA) and the Ministry of Housing, Communities and Local Government should:

- **Implement a national system which connects VOA and local government data to regularly and automatically contact high street businesses, proactively informing them of all business rate reliefs they may be entitled to.** This should include guidance to businesses containing clear links and connections between Local Authority and Valuation Office Agency (VOA) websites and comprehensive guidance for rate payers. This system would then suggest reliefs that a business could be entitled to, for example Retail, Hospitality and Leisure Relief, Rural Relief, etc.

## Local taxation systems in the long-term

In the UK Government's 2020 review of business rates, it was acknowledged that the current local taxation system was not effectively serving small businesses, particularly those on the high street. The review, announced by the Chancellor in a previous budget, sought stakeholder input on several key issues, including revising the rates multiplier and exploring alternative taxation methods for non-residential property.<sup>80</sup>

Broader reforms, like the introduction of land value taxes<sup>81</sup> or landlord levies, have been proposed as alternatives to the current business rates system.<sup>82</sup> However, it remains unclear if such taxes would effectively address the valuation issues inherent in the current system, particularly regarding rent valuation for brick-and-mortar businesses on the high street.

**“I think everybody agrees that the current business rates model is outdated. It needs to be reformed. It needs restructuring. And obviously the world has changed. There's a lot more online business as well. So there has to be some level playing field. It's not fair that some businesses who are prepared to take all the risks of opening up premises on a high street are being clobbered while someone can be operating from their garage at home. So, all of these aspects need to be looked at. And they have to try and find a fair way and a new approach.”**

Gennaro Borrelli, Gennaro Organic Hair & Beauty, Bedfordshire

A significant economic contradiction in the current system is the higher rating of properties and land in town centres and high streets, despite these areas being vital for independent and small businesses. These businesses often struggle to overcome the financial barriers posed by high business rates. In contrast, retail parks and other out-of-town centres benefit from lower business rates and rents, making them more attractive locations for larger businesses.<sup>83</sup> This disparity, growing as a result of the recent 2023 business rates revaluation, further draws footfall and economic activity away from high streets and town centres.<sup>84</sup>

Freezing the small business multiplier for 2024/25 as part of the 2023 Autumn Statement along with continuing the 75 per cent Retail, Hospitality and Leisure Relief were important steps for government to better target smaller businesses.<sup>85</sup> However, these short-term approaches cannot sustainably rebalance local taxation to better support commercial properties on the high street and in town centres.

Business rates multipliers should consider the location of businesses, not just their size. This approach could help balance the playing field for independent and multiple businesses alike, enhancing the viability and future of high streets and town centres.

80 HM Treasury, [Business Rates Review Update](#), 2021.

81 Institute for Fiscal Studies, [‘The Taxation of Land and Property’](#), in [Tax by Design](#), 2011.

82 DEMOS, [Time for Change: Abolish business rates and introduce a Landlord Levy](#), 2021.

83 Avison Young, [Rating revaluations, what does it mean for the retail sector?](#) 2023.

84 Savills, [Business rates revaluation 2023: The retail impact](#), 2022.

85 HM Treasury, [Autumn Statement 2023](#), 2023.

There is a need for a more nuanced and equitable tax system that supports the diverse needs of businesses across different locations. Following the 2020 business rates review, the UK government should implement a short review of business rates policy options aimed at rebalancing the system and further protecting the long-term self-sufficiency and growth of high streets. These options could then be implemented in the next scheduled fiscal event of that parliament.

These policy options for a high street focused business rates system could include permanent reliefs for the retail, hospitality and leisure sectors in the form of a lower multiplier. Also, the refocus on high street growth could be achieved by linking business rates to consistently defined High Street Areas as discussed elsewhere in this report, and implementing different business rates liabilities over time for these areas as is achieved with Investment Zones.

To create a more equitable and effective business rates system, a nuanced approach is essential for protecting high streets and town centres while encouraging businesses to relocate from out-of-town centres. By focusing policy adjustments on specific sectors and locations, we can achieve leveraged outcomes that benefit businesses in the long term. Research from the Institute for Fiscal Studies underscores the importance of stabilising the implementation and removal of reliefs, advocating for sector-focused policies to ensure success and mitigate the risk of ‘rent capitalisation,’ where the anticipated benefits of lower rates are absorbed by higher rents.<sup>86</sup> This suggests that a carefully calibrated strategy, which avoids rapid changes in relief policies and concentrates on the unique needs of sectors most vital to the vibrancy of high streets, could significantly enhance the sustainability and growth of these crucial areas.

The latest survey findings, coupled with prior FSB research, emphasise the critical role that varied choice plays in the vitality of high streets. The presence of both chain stores and independent retailers is fundamental to fostering a dynamic and thriving high street. Implementing business rates policies that are tailored to specific locations and sectors can significantly contribute to safeguarding this variety. By adopting such targeted measures, we can protect the flourishing of a wide array of businesses on our high streets- from independent boutiques to supermarkets, hotels, pubs, and beyond. This variety is not just a hallmark of our high streets but is essential to their continued vibrancy and appeal.

It is important to consider that many of the main drivers of change in business rates policy happen in England and that decisions can be made by devolved nations on non-domestic rates. It is key for devolved administrations to seek as many opportunities as possible to provide targeted relief to small businesses. Scottish local authorities already have the power to introduce specific, local reliefs through the Community Empowerment Act. They could introduce a discount for high street businesses; however, they have yet to exercise this power in the nine years since the power has been held.

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86 Institute of Fiscal Studies, Submission to Treasury Committee inquiry: The impact of business rates on business, 2019.



“Business rates were invented in the Victorian era and are not fit for a modern society. We need a taxation system that is proper and fair and takes into account all businesses whether online or on the high street in fair and joined up way.”

Phil Pinder, Potions Cauldron, York

### Recommendations:

#### The UK Government should:

- **Commission an independent evaluation into whether the business rates system creates an incentive to locate businesses in out-of-town retail parks, rather than in high streets and town centres.** This review could leverage existing data from the VOA. If this incentive is shown to exist, the Government should introduce a measure to reduce the cost of business rates for high street businesses and maintain the diverse offering of independent stores, chains and larger supermarket or department stores. For example, this could mean a lower multiplier for Key High Street Areas or town centres, or this could mean a permanent retail, hospitality and leisure relief for all businesses in these high street areas.

#### The Ministry of Housing, Communities and Local Government should:

- **Provide combined authorities and local authorities with discretionary powers to raise or lower business rates levies on businesses of certain sizes or sectors, or in certain locations, as part of devolution deals.** These devolved authorities would gain the powers to choose lower business rates in their communities, offset by requiring higher rates from other businesses. This framework could provide a cost-neutral way for these authorities to support economic activity in certain sectors or locations while maintaining fiscal balance.

## Employment on the high street

Small businesses located on UK high streets are essential for providing both employment opportunities and incomes for people within local communities. Eighty per cent of small businesses operating on the high street employ staff, with over a third (37%) of these businesses on average employing between one and nine workers.

FSB’s 2024 research on the National Living Wage (NLW) found seventy-nine per cent of small businesses based on or within a 15-minute walking distance of a high street reported that their organisation’s wage bill has increased following increases to the NLW in April 2024, with 38 per cent stating their wage bill has increased to a large extent.

High street businesses face considerable increases in labour costs and deciding to hire staff is a major decision. FSB’s 2024 NLW research shows 20 per cent of small firms on the high street have recruited fewer workers to manage additional wage costs.

Small businesses are committed to increasing pay for their workers, but they also face rising non-wage costs. As the cost of employment continues to increase it is vital support for small and micro employers is maintained.

The Employment Allowance provides small businesses with a £5,000 discount on employer National Insurance Contributions bills, acting as an incentive for small firms to create jobs, increase pay and encourage business investment. FSB successfully campaigned for this increase to the NLW in 2022, when the government adopted FSB's recommendation to uprate the Employment Allowance. It is our view that the Employment Allowance will continue to be a vital source of support for small businesses, especially for high street small businesses.

### Recommendations:

#### The Department of Work and Pensions should:

- **Maintain and expand the Sector-based Work Academy Programme (SWAP), expand the specific SWAP for the hospitality sector from a pilot to a longer-term ambition, and consider a similar SWAP for the retail sector.** There have been 283,930 starts on the SWAP programme since April 2021, a programme that upskills job seekers in specific sectors and gives them six-week work placements. The hospitality scheme gives participants a Hospitality Skills Passport, which has been developed in partnership with industry. This is a digital pass which can be added to CVs to show employers jobseekers have the skillset required by the sector.



# METHODOLOGY

This report is based on FSB members views on high streets across the UK. FSB undertook a mixed method research approach, consisting of a quantitative online survey, four focus groups and seven interviews with individual FSB members. The survey was nationwide in its reach and members were invited to participate in the survey via email and social media channels.

The survey was administered by the research agency Verve and was in the field from 13-17 July 2023. The survey questionnaire was completed by a total of 1,515 small businesses. The survey findings are all weighted according to FSB membership weighting (to reflect the regional balance of small businesses throughout the UK).


All percentages derived from the survey are rounded to the nearest whole number, which is why some percentages presented in the figures do not sum to 100 per cent. The focus groups and individual interviews took place via Zoom, Microsoft Teams and in person with members based in England and Scotland and purposefully drawn from a variety of regions. These interviews were used to construct the detailed case studies that are included throughout the report. In a couple of cases, the in-depth interviews allowed for detailed accounts that address multiple sections of the report. These case studies were specifically selected for the breadth of coverage.

## Terminology

FSB survey results discussed throughout the report highlight two main analysis groups. 'High street small businesses' are defined as small businesses located directly on the high street or adjacent to it. 'Local businesses' are defined as small businesses within 15 minutes' walk of their local high street in rural or urban settings.

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