Take Back the High Street
Putting communities in charge of their own town centres

Will Brett and Vidhya Alakeson
Executive summary

As the crisis on the high street continues to rage, this report sets out a bold new approach to town centre revival. It is an approach grounded in a simple idea: that communities themselves can revitalise their own high streets. We need to trust and empower communities so they can take on more ownership of commercial properties and have greater influence over the places where they live.

At the heart of the crisis is the fact that our high streets and town centres are quickly leaving behind an old, outdated model dominated by mass retail. Too many responses to high street decline focus on how to revive that old approach rather than on how to unleash a new, more rooted and therefore more sustainable model.

The work of Power to Change in support of community businesses has revealed the huge amounts of potential residing in communities all over the country. By allowing these communities to own and control the places where they live, we can start to build a model that recreates and renews an idea of high streets buried deep in our history. Ultimately, high streets are places for us to congregate, to interact, to do business but also to live our lives together. They are a vital source of meaning and belonging, allowing us to connect to the places where we live. By giving communities themselves much greater ownership and agency over high streets, we can start to rebuild this powerful sense of what a high street can be.

Previous research has shown that community ownership, including on the high street, can deliver significant economic benefits. Community-owned spaces contribute £220m to the UK economy, and 56p of every £1 they spend stays in the local economy. Three-quarters of community-owned spaces report being in good financial health, and they have an extremely high survival rate. This report adds to the existing evidence base with new analysis by EG suggesting that community and public ownership of high streets leads to fewer empty units on the high street. In 22 of the busiest high streets in the UK:

- Shops owned by overseas investors are more than twice as likely to be vacant as shops owned by the public sector
– Just 6.8% of units owned by the social sector are vacant, compared to 9.2% for real estate companies, 9.6% for overseas investors, 11.9% for institutions like pension funds, and 13% for investment management schemes.

– Real estate companies own one in four empty shops, and overseas investors own one in five; the public sector and social sector own around one in ten each.

In other words, greater community ownership of commercial properties offers a rooted, resilient and sustainable alternative to a high street model that is manifestly failing. We therefore set out our own recommendations to support communities in taking greater ownership and control over high streets. These include:

– A powerful new Community Right to Buy so that communities themselves can more easily purchase neglected high street properties, and force the sale of these where necessary.

– £250m to support community buyouts of strategically important high street properties over the next five years, including £10m to build the capacity of community organisation.

– Increased support for neighbourhood plans aimed at revitalising high streets, as well as greater community influence in the governance of Business Improvement Districts and a new requirement to show community involvement when submitting applications to high street funds.

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Introduction

Earlier this year, the retail consultancy Harper Dennis Hobbs published an index which ranked Britain’s high streets according to their ‘vitality’¹. The top ten high streets included Westfield London, Canary Wharf and Bluewater while the bottom ten featured places like Byker Shields in Newcastle, Stretford in Greater Manchester and several places in Merseyside.

At Power to Change, we have had direct experience of working with some of the communities named in that bottom ten. In Stretford, we match-funded the community’s investment allowing them to take over the disused Public Hall – with inspiring results. And in the Liverpool region we fund over two dozen community businesses which have played a central role in some of the most significant urban regeneration stories in the country.

Our experience reveals that this so-called ‘Vitality Index’ has things exactly the wrong way around. It is surely questionable that identikit shopping centres like Westfield and Bluewater constitute some of the most ‘vital’ high street activity in the country. And as we know from our own work, the supposed high street coldspots are in fact home to some of the most exciting examples of community-led vitality.

Of course, that didn’t stop some media outlets reporting, with barely concealed glee, on “the worst high streets in Britain”. Clearly the definition of good high streets employed in this research (which focuses almost exclusively on high-end retail) chimes with some of the stereotypes playing out in the national media as part of the intense debate on the future of the UK high street. Rows of boarded up shops have become the stock-in-trade backdrop to any story about local decline. And discussions about how to revive the high street often focus almost exclusively on reopening those shops – on bringing the big retailers back.

Our work with some of the inspiring communities who are revitalising their own high streets suggests a different path, and one more in keeping with the deep history of our town centres. From time immemorial, high streets have been a place for communities not just to do business and sell things but also to come together, to socialise, to interact. High streets offer spaces for people to connect with each other, to form relationships, to exchange information and gossip, to set up new networks and associations, even to argue and debate. And they give places a sense of their own distinctive identity. High streets tell the story of a place – partly through

their unique physical presence, the history of their bricks and mortar; and partly through the events and activities to which they play host. In short, they are spaces in which citizenship can take place.

These are some of the essential ingredients needed to live good and flourishing lives. That isn’t to say that shopping is somehow bad. Indeed, trade and exchange is equally fundamental to living good lives, and just as essential to the health of a town centre. But the way that big chain retail has dominated many high streets over recent decades has arguably allowed us to lose sight of the real purpose of these places. Retail should be part of the mix in any place where people come together. But if it continues to dominate high streets, decline will continue. The retail-dominant model causes places to suffer from a lack of diversity, resilience and long-term sustainability.

This simple insight – that high streets must no longer be dominated by retail – has the potential to turn the crisis on the UK high street into an opportunity. That is not to downplay the significance and hugely negative impact of the waves of shop closures over the last two years. When major retailers announce these closures, it can be devastating not just for those employed in the retail sector but for the wider communities which see the abandonment of their high streets by big retailers as a sign of inexorable decline; when a Marks & Spencer or a Debenhams leaves the heart of a town which it has anchored for many decades, the local fallout goes beyond mere economics. But if we can refocus away from the suffering and loss caused by the decline of big retail and towards the opportunities this crisis opens up for a new and potentially more nourishing model, then perhaps we can start to pick our way out of the problem.

The communities we work with understand all this instinctively. But while their stories (some of which we tell in this report) are deeply inspiring, they are not superheroes with special powers. With the right support, any and every community in the country is more than capable of revitalising its own high street; of seeing those ‘diamonds in the rough’ among buildings which are a repository for a place’s memories; of turning its own town centre into a unique and distinctive place. After all, it is a central feature of human nature to want to identify with the places where we live. That creates a readymade resource for high street regeneration everywhere.

This resource can only be unlocked, however, if communities are treated as more than consumers, or more than people simply to be consulted about changes to the high street. Our work in places all around the country shows time and again that when communities
take on real control of high streets – including direct ownership of high street properties – extraordinary things start to happen. To take communities this seriously – to see them not just as one of a number of stakeholders but as the priority stakeholder on the high street, and even the preferred landlord – requires a big shift in mindset. It requires recognising that community ownership can unlock real, long-term and sustainable local economic development, and indeed that in many places this is the only route to such development. The evidence to support this shift is already there. It just takes clear-sighted courage to act.

This report sets out the case for this action. It seeks to return communities to their rightful place in the debate about the future of high streets: at the centre of it. To do that, we look first at the historic development of the high street, the relative role which local communities have played in the ownership and management of high streets, and the degree to which community ownership is recognised in the current policy debate as a means of revitalisation.

We then present some powerful and inspiring examples of what happens when communities are able to take greater ownership over their high streets and how community control directly addresses many of the troubling headwinds currently facing high streets in the UK (vacancies, dereliction and neglect, high rents, lack of diversity, lack of responsiveness to community need, and crucially local economic decline). We also present the existing evidence base for the positive economic impact of community ownership as well as some new analysis by EG which illustrates the potential for community ownership to lower the number of empty shops on our high streets.

In section 3, we examine some of the barriers which get in the way of community control of high street properties, including fragmented ownership, lack of transparency and information about who owns the high street, landlord absenteeism, and a wider policy environment which is yet to recognise the role that communities can play in revitalising their areas.

Finally, we set out some recommendations for national and local government to pursue in order to unlock the potential of communities – in partnership with local authorities – to take over their own high streets. For too long, not just in the high streets debate but across the broad sweep of economic regeneration policy, community empowerment has been seen as a nice thing to have in addition to the supposedly more serious business of tax reform, Whitehall-led industrial
strategy and so on. In fact, empowering communities is the most serious thing we can do in response to the decline of our high streets. Because when people take real control over the places where they live, that is when genuinely transformative change can take place.
Section 1:
Where are the people?
The role of communities in shaping high streets
In this section we audit the current role of communities in the ownership and management of local high streets. We start by taking a broad overview of developments on the UK high street in the last few decades and the role that communities have played in that story, relative to other actors such as local authorities, the Government, private landlords and national or international retailers. We then present an overview of the current debate (as represented in the media and in various policy documents) surrounding the crisis on the high street, and assess the degree to which communities and their potential for helping to address the crisis are taken into account.

**Defining terms**

When we say ‘communities’ we are generally referring to organisations, groups and businesses which are more or less tethered to a specific place and whose main purpose is to serve members of the community in which they are based (howsoever ‘service’ is defined). These can include charities, local businesses, community businesses, campaign groups and so on. We do not usually mean individual residents except where those residents are in some way representative of the wider community.

When we say ‘high streets’ we are referring to streets or small collections of streets which act as the physical centre of a local community, whether that community is itself a small town or part of a larger town or city. We are not referring exclusively to the main shopping district of any given town or city as places above a certain size tend to have multiple ‘high streets’. Nor are we necessarily referring to areas dominated by retail, since out-of-town shopping centres and industrial parks rarely act as the physical centre of a local community, and normal usage of the term ‘high street’ tends not to include these types of place. We are interested primarily in the physical area which acts as the central gathering place of any given community.
The high street from past to present

Go back far enough in the history of our high streets, and you will find places which played host to community life in all its variety. The medieval high street had its share of stores, traders and what we would later call retail. But there were also guildhalls and other civic spaces, many more churches and a higher proportion of housing.

With the growth of consumer culture from the early 19th century onwards, high streets took on a recognisably retail-dominated shape. In the early decades of the industrial age, retailing remained dominated by what we would now call micro-businesses – a mixture of single-unit family-owned stores, and market traders or more itinerant and informal offers. Inevitably, trading at this scale was a more community-oriented activity than the national-level mass retailing which started to develop in the second half of the 19th century. As in many other parts of the industrialised world, department stores and then wider chain retail gradually took over much of the high street. While this mass consumer culture was an important engine of rising living standards, it was also clearly less grounded in the immediate and particular concerns of any given community.

Then in 1976 came a major disruption, with the construction of Britain’s first out-of-town shopping centre – in Brent Cross, just north of London. Between then and the early 1990s, out-of-town shopping catering to a car-owning and convenience-minded society proliferated more or less unchecked. The negative effect on traditional high streets was palpable, and led to a concerted “town-centres-first” policy response – changes to national and local planning regulations from the early 1990s onwards sought to protect high streets from being drained of footfall.

This started to restore the fortunes of the high street, but at the same time, chain store culture accelerated, leading to increasingly homogenous high street offers around the country.

Throughout this period, the role of local communities or community-oriented businesses in shaping decisions around their high streets was severely limited by the fact that national and international retail seemed to be the only game in town. And while this model continued to be more or less successful on its own terms, there was little incentive for private landlords or local authorities to make any serious changes.

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But in more recent years, another major disruption has left the high street’s future hanging in the balance – the inexorable rise of online retail. British households now spend money online than any other country in the world, with no sign that the trend is abating. That has had inevitable knock-on consequences for our retail-dominated high streets. Already by 2011, when Mary Portas conducted her landmark review for the Government, high streets were seen as being in crisis (at the time, one in six shops were thought to be vacant and 15,000 ‘town centre stores’ had been lost between 2000 and 2009).

On a less negative note, as chain retail on the high street has declined leisure services and potentially more locally grounded retail ‘experiences’ have increased. In shorthand, that means more coffee shops, hairdressers, cinemas and nail bars and fewer Gaps and Debenhams. This trend has raised the potential for greater local community involvement (either as business owners or as visitors) in high streets which are less dominated by national and international chains.

**Today’s debate**

Then in late 2017 and 2018 a series of high-profile closures brought the decline of the high street back to the headlines once again. The travails of household names like Debenhams, House of Fraser, Toys R Us, Maplin, Poundworld, Mothercare and New Look led to a new wave of interest which included two simultaneous national newspaper campaigns to ‘save the high street’ (the Daily Mail and the Daily Mirror).

Around the same time, the Government commissioned an Expert Panel, chaired by Sir John Timpson, to decide what was needed to help the high street. Their interim suggestions – for a new Future High Streets Fund to support localities’ plans for repurposing their high streets, and a High Streets Task Force to support local leadership – were accepted and enacted in the November 2018 Budget. Meanwhile the Housing, Communities and Local Government Select Committee ran a six-month long enquiry which reported in February 2019, making a number of recommendations including looking at various taxes to raise money for a business rate reduction for high street retailers.

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5 [https://www.bbc.co.uk/news/business-39655039](https://www.bbc.co.uk/news/business-39655039)

6 Latest statistics from the ONS find online retail growing fast compared to ‘bricks and mortar’. Available at: [https://www.ons.gov.uk/businessindustryandtrade/retailindustry/articles/comparingbricksandmortarstoresalesonlineretailsales/august2018](https://www.ons.gov.uk/businessindustryandtrade/retailindustry/articles/comparingbricksandmortarstoresalesonlineretailsonline/august2018)


8 See for instance 2019 research for PwC by Local Data Company which shows good growth statistics for sports and health clubs and bookshops (which offer an experience as well as retail). While restaurants, pubs and bars had a net negative year in 2018, that came after three consecutive years of growth. Available at: [https://www.pwc.co.uk/press-room/press-releases/High-street-exits-remain-at-historic-high-as-openings-slump-to-lowest-levels-on-record.html](https://www.pwc.co.uk/press-room/press-releases/High-street-exits-remain-at-historic-high-as-openings-slump-to-lowest-levels-on-record.html)

9 Vidhya Alakeson, chief executive of Power to Change, was a member of the Expert Panel.

10 The inquiry’s final report is available at: [https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf](https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf)
This latest wave of policy focus on the high street is dominated by the thorny issue of business rates. The Government has not committed to reforming business rates, and many of the main stakeholders in the high streets debate – particularly retailers – see it as the central issue holding back revival of the high street. In August 2019, more than 50 of Britain’s largest retailers came together to call for fundamental reform of the rates system¹¹.

Clearly, there are big problems with the way the business rates system works (not least the fact that increasingly cash-strapped local authorities now rely to a much greater extent on business rates income, meaning any reform would also have to address issues around local government financing). And there is no doubt that predominantly bricks-and-mortar retailers are under much more tax pressure than predominantly online retailers, contributing to some of the issues we are seeing on the high street. However, we believe that the dominance of business rates as the catch-all response to the crisis on the high streets misses a crucial aspect of that crisis. Ultimately, the trend in people’s behaviours is to move away from high-rent, high-yield national and international retail offers and towards locally grounded experiences and services. And we believe that in turn is a harbinger of the real yearning among communities for high streets which speak directly to a place’s identity. We therefore believe that as well as looking at business rates reform, we must urgently consider what measures can best increase community involvement in, and ownership of, local high streets (see Section 4 below).

¹¹ See https://www.bbc.co.uk/news/business-49316795
Playing catch-up

The shift away from retail-only conceptions of the high street, and the need for a greater role for communities, is in fact recognised in much of the contemporary debate. The first review of high streets conducted by retail expert Bill Grimsey in 2013\(^\text{12}\) set out the need to move beyond retail, and the second in 2018\(^\text{13}\) is more explicit in seeing the need for high streets to be reimagined as vibrant and distinctive hubs for community life, and not just places to shop. The Government’s own High Street Report, published in late 2018\(^\text{14}\), stresses the need for community involvement both in putting together bids for the new High Street Fund and in making a success of the new High Streets Task Force to support local leadership. And the interim report of the Government’s Building Better, Building Beautiful Commission, published in July 2019\(^\text{15}\), starts to get at the community-centred vision we need to genuinely renew our high streets. According to the report, high streets “will need to rediscover their older, wider role as a true part of a properly functioning human settlement with a main centre and with subsidiary centres: the ‘market place’ of meeting, being and interacting – the public agora”.

But despite this recognition of the importance of communities, the policy debate has not yet caught up. We remain focused mainly on business rates, with some recognition also of the importance of local leadership (hence the Government’s new Task Force). We are not looking seriously at the measures which might take advantage of this moment of crisis – where high street landlords are unable to get the returns to which they have become accustomed, and where stakeholders on all sides are wondering what to do next – so that we can sow the seeds for delivering what people really want and need from their high streets. Our town centres can once again become centres for civic life, and sources of real meaning and identity for communities. But how, in fact, do we empower communities so they can genuinely shape and even take more ownership of their high streets? The rest of this report sets out first what we know already about the advantages of community involvement and ownership on the high street, then the barriers getting in the way of greater community empowerment, and finally our own recommendations for what to do to put communities where they belong: in charge of their own places.

\(^{12}\) See https://www.theguardian.com/business/2013/sep/02/grimsey-retail-review-key-recommendations


\(^{14}\) Available at: https://www.gov.uk/government/publications/the-high-street-report

Section 2:
Resilience and rootedness:
the case for community ownership
As high street retailers struggle, empty and disused properties are becoming a common feature of the landscape. Recent data show over one in ten shops are currently vacant\(^{16}\), and the first half of 2019 saw an average of 16 chain stores close every day – the fastest rate of closure since this measurement began in 2010\(^ {17} \). In some parts of the country, the problem is particularly acute. Too often, shops are left empty for years, as absent landlords, often institutions, hold on to disused property anticipating future growth in value.

Empty, derelict properties are a significant blight on the high street and an economic problem for local areas. Empty shops mean less economic activity, fewer opportunities for young people to take their first steps on the job ladder, less income for local authorities in business rates, not to mention encouraging vandalism and anti-social behaviour and eroding local pride. Vacant premises create a spiral of decline in local areas.

The Observer Building in Hastings is a prime example. It had been disused for 34 years after the Observer newspaper moved its offices and production facilities out of town. With no significant investment over that period despite 13 different owners, this iconic building is now in a state of dereliction and requires major investment to bring it back into use.

Community businesses and other types of community-led organisations are a critical part of the solution to this growing challenge. They have a long and strong track record of bringing new energy and activity to empty high street properties. Their local roots ensure that what is offered meets the needs of local people and, therefore, has a greater chance of long-term success. These are businesses not just in a community but of that community as well, and that creates a different, more enduring offer for the traditional high street. In the long run, high streets with large numbers of these types of community-oriented activity have the potential to become places not just of consumption but of citizenship as well.

Community businesses create the ability to grow the local economy from within, harnessing the entrepreneurial talents of local people to revitalise the high street. In areas of significant disadvantage and dereliction, a community-led approach can create a much needed economic turnaround in the absence of significant interest from private developers and commercial businesses. Long-term community ownership can also protect rents when areas

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\(^{16}\) See for instance https://www.bbc.co.uk/news/business-49311298

\(^{17}\) Analysis is by Local Data Company for PwC, September 2019. Available at: https://www.pwc.co.uk/press-room/press-releases/store-closures-hit-record-levels.html
become more commercially attractive, ensuring that high streets remain diverse and responsive to the needs of local independent business owners and local residents.

**Community ownership in action**

There are hundreds of small examples of this kind of community-led regeneration. Café Indiependent is a community-run café and music venue that is bringing new energy to the high street in Scunthorpe. Monkey Park has brought a community café, a bike workshop, and meeting and co-working spaces to a disused shop on the high street in Chesterfield. And in rural areas, community-run shops and pubs are often single-handedly keeping their local high streets alive and vibrant.

But community business can go much further and offer a solution – at scale – to high street revival.

The transformation of the Baltic Triangle area of Liverpool is a stunning example of what community-led regeneration can achieve. Nine years ago, Baltic Creative started out in the Baltic Triangle area of Liverpool, with the aim of driving forward regeneration of this derelict part of the city through the entrepreneurial drive of local creative people. Two years later, 18 disused warehouses were transferred into community ownership to house creative and digital businesses. The initial 45,000 sq ft was full within six months. Over the last three years, Baltic Creative has taken on more space and now has 130,000 sq ft accommodating 250 local, social and community businesses. The community-owned assets are now valued at £13m and the organisation generates annual surpluses of £400,000 for reinvestment. Most importantly, Baltic Creative has impacted the whole area. Some 3,000 people now work in an area where there used to be almost no one. In 2018, The Times voted Baltic Triangle as one of the top ten coolest places to live in the country.

Another impressive example is Great Yarmouth Preservation Trust, founded in 1979 and rooted in the local community. It owns a portfolio of historic properties and ensures that those buildings are maintained for the long term, bringing them back into use in ways that meet the needs of today’s local residents. Historic buildings have been turned into a neighbourhood centre, art galleries, work spaces and affordable housing, preserving the identity of Great Yarmouth while updating the offer on the high street. Between 2007 and 2017, 17 successful projects generated £8.4m for the local economy, 18 buildings were restored, 25 residential units were created and many hours of training and volunteering were delivered by the Preservation Trust.

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18 See [https://cafeindie.org.uk/](https://cafeindie.org.uk/)
19 See [http://www.monkeypark.org.uk/](http://www.monkeypark.org.uk/)
20 See [https://www.baltic-creative.com/](https://www.baltic-creative.com/)
A new wave of community-owned town centre regeneration efforts are now under way, for example in the White Rock area of Hastings, home to the Observer Building described above. A group of community-led organisations, including White Rock Neighbourhood Ventures and Heart of Hastings Community Land Trust, have between them taken ownership of seven derelict properties in the area over the last five years. One, Rock House, has already been successfully brought back into use as a vibrant and financially viable hub combining a community kitchen, work space, meeting space and affordable housing. The rest will be reimagined over the next few years to meet the needs of local people, working in partnership with local independent businesses in the White Rock area to create mutual benefit.

Looking further afield, community land trusts in the US are increasingly diversifying into commercial property development and ownership in order to curate their local high streets. Their motivation is to stop decline and provide perpetually affordable commercial space to ensure that independent businesses, especially those owned and run by minority groups, can survive. There is growing recognition that a successful neighbourhood needs affordable housing as well as a vibrant, appropriate and affordable commercial offer. Anchorage Community Land Trust in Alaska has bought and developed nine commercial properties and now has 24 commercial tenants. It converted an empty petrol station into premises for the local credit union and an empty furniture warehouse into office space for not-for-profit organisations. City of Lakes Community Land Trust and Rondo Community Land Trust in Minnesota are taking a similar approach.

**The evidence that community ownership works**

There is considerable evidence which shows that community asset ownership has significant benefits including overall productivity gains, local economic improvements and long-term community resilience.

Recent research for Power to Change estimates that there are at least 6,300 community-owned buildings and green spaces, including many on the high street. Together, they contribute £220m to UK GVA. Furthermore, through employing local people and using other local businesses in their supply chains, 56p of every £1 they spend stays in the local economy.

Crucially these community-owned assets are financially resilient – three-quarters report being in good financial health. Sound financial health makes an asset more sustainable – able to pay its expenses and operate successfully.

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See Our Assets, Our Future: the economics, outcomes and sustainability of assets in community ownership (Power to Change, 2019). Available at: https://www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership/
while laying the foundation for a stable long-term future. As well as asking community asset owners themselves to report on their own financial health, the researchers developed a measure to account for the multi-faceted nature of financial health, which indicated that 31% of assets had ‘excellent’ financial health, with only 5% assessed as being in ‘extremely poor’ health.

And in contrast to the churn on the privately owned high street, community-owned businesses have an extremely high survival rate. Community shops, for instance, have a survival rate of 94%23. Community pubs have a 100% survival rate24 in contrast to the wider industry in which 14 pubs closed each week in the second half of 201825. This long-term resilience is reflected in markedly higher confidence among community businesses in their financial health than among both SMEs and other types of social sector organisation26. Asset ownership has been identified as critical to building the resilience of community businesses27.

We can now add to this existing evidence base with new research which shows non private-sector ownership of high street properties would lead to fewer empty units on the high street. For this report, we have worked with EG28 who have analysed the number of vacancies across 3,200 retail premises in 22 of the UK’s busiest high streets, using Radius Data Exchange analysis.

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25 See https://inews.co.uk/news/consumer/pubs-closing-down-uk-figures-camra-latest/
27 See Growth, Sustainability and Purpose in the Community Business Market in the Liverpool City Region (Heseltine Institute, University of Liverpool, 2019). Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/03/Growth-Sustainability-purpose-CB-Liverpool-City-Region-DIGITAL.pdf
28 See www.egi.co.uk
Vacancies on top UK high streets by type of owner

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The results are a stark illustration of how an increase in community, social sector and public ownership could lower the number of empty shops on our high streets. While just 4.5% of public-sector owned units are vacant, and 6.8% of units owned by traditional estates, church and charity organisations (the closest category in this typology to community ownership, and abbreviated elsewhere to ‘social sector’), this rises to 9.2% for real estate and property companies, 9.6% for overseas investors, 11.9% for institutions like pension funds and a full 13% for investment management schemes. So high street shops owned by overseas investors are more than twice as likely to be vacant as publicly owned high street shops.

See Appendix for sources and method of this analysis.
The biggest owners of vacant units are real estate and property companies (one in four) and overseas investors (over one in five). Just one in ten vacant units are owned by the public sector or social sector.

These figures suggest that empty shops are much more likely to occur with the types of ownership most associated with the traditional mass retail model – UK real estate and property companies and overseas investors. Alternative models of ownership, including public sector but also the social sector including community ownership, seem to lead to proportionally many fewer empty units. In other words, greater community ownership of high street properties is a clear route towards addressing the blight of empty shops on our high streets.

So if we accept that communities should play a greater role, what is getting in the way? Section 3 looks at the barriers community businesses and other community-led organisations face in having an active presence on the high street.
Section 3:
Why isn’t it easier?
The barriers to community control
It is no use pretending that community ownership, influence and control of high street properties is at all normal – in fact, it tends to be the exception. As set out in Section 1, high streets have historically been governed by an orthodox view of commercial property management. According to this view, high streets are centres predominantly for commercial activity – particularly retail, although with a more recent focus on leisure services and experiences – and should therefore be shaped more or less exclusively by the laws of supply and demand. That leaves little space for community influence aside from the diffuse and clearly imperfect process of community demand being met by market supply.

More recently there has been widespread recognition – not least during the Government’s review of high streets policy in 2018 – that local leadership and curation are important factors in creating successful high streets, pointing to a future in which raw market dynamics are not seen as the only game in town. But even now, the role of communities themselves – as local leaders or as owners of high street properties – is not prominent in the debate. Instead, business networks and local authorities dominate discussion of local leadership, with community voices relegated to a minor or consultative role. At best, community organisations are seen as a ‘temporary solution’ whereby vacant properties are matched with local groups who need space, as in the Open Doors pilot which was introduced as part of the Government’s recent package of reforms. This approach is an important recognition of the potential for community organisations to step in where other stakeholders have left the high street. But it potentially gives too little resource and control for the power of the community-owned or community-led model to take effect.

The rest of this section spells out some of the barriers which get in the way of communities taking greater ownership over their high streets.

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High rents

The often adversarial relationship between retailers and landlords has risen to the top of the agenda in the high streets debate recently. As the retail environment has become harder, many major retailers have found themselves unable to afford rents which were set before the rapid rise of online retail. Upward-only rent clauses (which prevent rents from following markets downwards) and long leases add to retailers’ woes. And some of the biggest names in retail have hit back with the use of an insolvency process (the Company Voluntary Arrangement) which allows them to bargain down their rents while staying in business.31

The headwinds facing retail on the high street are therefore ultimately just as much a problem for landlords as retailers. Indeed, many of the big high street landlords are increasingly burdened with debt as a result of problems on the high street.32 Why, then, does it often take hard-hitting legal processes to bring landlords to the negotiating table to talk about bringing down rents – even as the number of empty units rises?

In some cases, landlords may reasonably look at big private-equity owned retailers and ask why they are not investing more of their recent windfalls in their businesses to improve sales and therefore meet existing rent levels. But however fair this argument may be, it misses the fact that with the rise of online retail and changing patterns of behaviour on the high street, there is only likely to be one direction of travel for achievable rental values.

It also misses the problem – confirmed anecdotally by retail experts in workshops and focus groups run by Power to Change – of landlords seeking to keep the book-value of their property portfolios artificially inflated by preferring to maintain existing rent values even if there are no takers. If they were to lower rents, they would be lowering the book-value of their portfolio – so there is a clear incentive to choose vacancies over lower rents in the expectation that conditions will pick up in the near future. But again, this is wishful thinking and misses the trends pushing major retailers out of our town centres. The danger for landlords is that their rents remain too high for too long and the resulting vacancies contribute to a spiral of decline that leaves them and their accounts exposed. In these cases, local and community-oriented businesses – whether acting as tenants or even landlords themselves – may in the long term be the only game left in town.

31 For more on the CVA process in the context of high streets, see: https://www.ft.com/content/59969002-61db-11e9-b285-3acd5d43599e
32 For example, the landlord Intu reported a loan-to-value ratio above 50% earlier this year. See https://www.intugroup.co.uk/en/news/news-and-press-releases/trading-update/
So, at the current juncture in the story of the high street, community businesses and other locally-minded organisations which might restore a sense of local pride and identity to a place are generally locked out by rents which remain stubbornly high even where there are large numbers of vacant units. Greater community ownership of high street properties would clearly start to shift the incentive structures which are keeping rents high even where vacancies are high.

### Fragmented and opaque ownership

To take greater ownership over their high streets, communities need to know who owns them currently. This is not always clear. The Government is responding to widespread local concern about lack of transparency on who owns the high street by piloting local public registers of ownership based on Land Registry data, in combination with their wider rollout of a public beneficial ownership register of all property by 2021 to identify overseas owners\(^3\). These efforts should be welcomed and also monitored closely to see how effective they are at increasing local knowledge.

But transparency alone does not necessarily increase the ability for communities to shape their own high streets. A problem habitually cited in discussions about the high street is fragmented ownership, whereby there are so many different landlords of different scales in relatively small places that local actors – whether they are community organisations, local authorities, local agencies or locally engaged businesses – find it impossible to act strategically on the high street in the interests of sustainable development. Overseas or absent owners can be difficult to engage in dialogue, and neglect ensues by default.

The advantage of consolidated and transparent ownership can be seen in some of the places bucking the trend. For example, in the last decade or so the Yorkshire town of Malton has by all accounts been transformed. In the early 2000s, many of its shops were boarded up and the younger population were mainly moving to nearby Leeds to look for work. Now, it is known as the food capital of Yorkshire with a thriving town centre dominated by independent businesses reliant on local produce and local supply chains.\(^{34}\)

The secret to Malton’s success, though, is hard to replicate. Around 60% of the commercial property in Malton is owned by one landlord – in fact, the town has been in the ownership of the same family for hundreds of years. That meant that the landlord could work in partnership with the local community to build an exciting and place-specific story about what Malton could be, and could gear the commercial property towards meeting that strategic goal.

Most towns and neighbourhoods in the country do not have the luxury of consolidated ownership, and those that do may not be lucky enough to have a landlord with a vision for the place and a commitment to working with the community. The problem of fragmented and opaque ownership is therefore a major barrier to community involvement in reviving high streets. But consolidating ownership will on its own not guarantee results – a lot then rests on the identity of the owner and the quality of their strategy.

Greater community ownership offers a way out by giving local, rooted stakeholders greater influence over the shape and direction of the high street. It will take time for communities to accumulate enough high street property to be able to shape the overall strategy, but even one or two transfers into community ownership on any given high street will start to bring a new vision into focus.

\(^{34}\) For an overview of Malton’s story, see: https://www.ft.com/content/a888f552-43fd-11e8-97ce-ea0c2bf34a0b
High property prices

The simplest way for communities to get round the problems of high rents, absentee landlords and fragmented ownership is of course to take high street properties into ownership themselves. In Section 2 we set out several examples of how community ownership can drive local prosperity and revive high streets. But in most cases – particularly where property prices remain relatively high – communities struggle to compete with private interests.

In Dumfries, the Midsteeple Quarter community benefit society35 has formed seeking to take key parts of the town centre into community ownership. Led by a public arts organisation called Stove Network and supported by the local council, the local housing association and other rooted organisations, the project has already succeeded in taking ownership of a key building from the local authority. The Bakers Oven building will be turned into seven flats and an enterprise hub at street level, and the community-led organisation is already reanimating the high street with a programme of events on the ground floor.

Their ambition, though, is to buy back eight key buildings from private owners in order to make their vision of a community-led high street a reality. And in February this year they came up against the hard reality of the market. They had already received funding from the Scottish Land Fund to plan for a community buyout of two high street buildings owned by the Columbia Threadneedle pension fund. But in the meantime the pension fund put the buildings up for sale at auction in London. The community raised £23,000 in two weeks but could not move at the speed of the market – the buildings were quickly sold to an anonymous buyer.

The question for Dumfries now is whether the new owner of these buildings will be able to make a success of their purchase. Given many of the trends on the high street outlined above, the odds cannot be good unless they explicitly involve the community energised around the prospect of taking back ownership of their own high street.

More broadly this example demonstrates how hard it is for even the most committed community organisations with the best track records to gain a footing in the commercial real estate market. And that is despite the evidence showing how important community ownership can be for sparking high street revival and supporting local economic prosperity. Without providing community interests financial support and greater access to capital, we will miss out on realising their potential as drivers of high street regeneration.

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35 See http://midsteeplequarter.org for more information.
**No seat at the table**

In most local authorities, community organisations are recognised for the important role they play on social priorities such as community cohesion, social isolation or tackling youth violence. But they are not seen as important economic actors, despite evidence to the contrary. Community businesses make a significant contribution to local economic development, especially in disadvantaged areas. They are often the only route to capacity-building and subsequent employment for those furthest away from the labour market and are engines of regeneration where commercial interest is scarce.

From a private sector perspective too, community organisations do not have a strong voice in influencing how decisions about the high street are made. Business Improvement Districts (BIDs) have huge potential as community organisations themselves, acting as mediators between local businesses and local residents. And BIDs have successfully driven town centre improvement in a number of areas. But they currently have no clear governance role for specifically community-led and community-rooted organisations which could help them build bridges between businesses and residents.

Where communities have embraced neighbourhood planning under the Localism Act 2011, they can have greater say over local development. However, the Government’s neighbourhood planning support programme does not specifically cover issues relating to the high street. High street revitalisation does not qualify for extra funding and technical support under the programme and the support programme does not currently cover it as a specific topic. The programme is very much focused on housing development rather than wider issues of placemaking which would include commercial development.

Overall, current approaches to local priority-setting mean that community organisations rarely have a seat at the table in setting economic priorities, including priorities for the high street. Communities are consulted but are not decision-makers with real influence to shape how the high street evolves and how they can be an asset in that journey towards a different, more citizen-oriented vision.
The capacity gap

In Section 2, we described some of the communities which are already playing a leading role in reimagining their high streets, and there are many others we have not mentioned. In fact, every community has the potential to play a role; there is untapped talent, entrepreneurialism and leadership potential in all communities, rich and poor. However, communities do not all start from the same place. Some lack many of the conditions that enable them to step forward and lead: a tradition of social action and local organising; a backbone of civic infrastructure that encourages connection and collaboration; and strong support organisations. For these communities, long-term capacity building is required as a first step towards community organisations playing an active role in economic regeneration36.

Other communities will be better placed to step forward and lead, but not all will have the skills and experience to take on the complexities of long-term property ownership and management. They will need support to grow their capacity in these areas37. Without adequate support, we will fail to capitalise on the true potential of putting communities in the lead.

37 See Our Assets, Our Future: the economics, outcomes and sustainability of assets in community ownership (Power to Change, 2019). Available at: https://www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership/
Communities behind the curve

Ever since the Portas Review in 2011 it has been clear to those studying the slow-burn crisis on the high street that communities and rooted, local organisations need much greater influence over – and even ownership of – their town centres. That broad commitment to community can be seen, for instance, in the Government-led Great British High Streets Awards which celebrates the “communities working to revive local high streets”. But while all stakeholders may agree that community is important, the policy debate is yet to catch up. Of course we should celebrate the tenacity and ingenuity of those communities which are able to buck the trend and take ownership of the future of their high streets. But how can we remove some of the barriers outlined above to make it easier for others? What do we need to do to allow communities to take control of the places that matter to them? That is the subject of the following section.
Section 4:
Recommendations
If we want to capture the dividend that a greater role for communities can have in the development of the high street away from a space dominated by retail to one that fosters participation and citizenship and builds local identity, there are three changes that need to happen. Together, they will give communities greater power, greater access to capital and greater local influence.

**Greater power**

Most commonly, communities take over buildings through negotiation with landlords, public or private. However, there is a strong case for strengthening the law under the Localism Act 2011 to give more power to community organisations which have demonstrated long-term viability and a solid business case to take ownership of buildings in their local area, particularly where they have fallen into disrepair and are becoming a blight on the high street.

The current Right to Bid is weak in terms of supporting community ownership. Recent analysis for Power to Change shows that under the current regime of registering Assets of Community Value (ACV), only 15 out of every 1,000 ACVs ends up in community ownership. The inadequacy of the Right to Bid was also highlighted by the Housing, Communities and Local Government Select Committee in its review of the Localism Act 2011 and by the Localism Commission in its final report in January 2018.

Communities need stronger rights, particularly where absent landlords are leaving properties to deteriorate and causing decline on the high street. Communities’ track record of successfully managing buildings and land is strong, even in disadvantaged areas. We therefore see a good case for the extension of the Right to Bid under the Localism Act 2011 to a powerful new Community Right to Buy, as under Scotland’s Community Empowerment Act. This extension would give specifically defined communities with a strong track record and a solid business case priority rights to buy land in which they have registered an interest, and a generous window of opportunity to raise the funds necessary to meet the price as determined by an independent valuation. In addition, the new Right to Buy should include the right for communities to force the sale of a building or land if it is in a state of significant disrepair or neglect and is contributing to the decline of a local neighbourhood. A sufficiently high burden of proof must be in place to force a sale but in the end, there is a case for

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38 See Our Assets, Our Future: the economics, outcomes and sustainability of assets in community ownership (Power to Change, 2019). Available at: https://www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership/

the wider needs of the community to trump individual property rights where those rights have not been exercised with responsibility.

**Greater access to capital**

Raising the capital to take on high street properties which are privately owned remains a huge challenge for community organisations, as the example of the failed community bid for high street properties in Dumfries illustrates. In recent years, there has been a significant commitment of government funding to community-led housing through the Community Housing Fund but only limited funding currently exists to support communities to take on commercial property. (The Government made a small investment (£15m) in a fund managed by the Architectural Heritage Fund to support charities and social enterprises to take on heritage assets on the high street.)

As the US experience has shown, for neighbourhoods to be vibrant places to live there is a need to think about the commercial offer as well as the housing offer. In Scotland, the Scottish Land Fund plays a vital role in this space, providing funding between £10k and £1m for community-led organisations to take ownership of land and buildings which matter to them. The Fund provides revenue funding for the initial feasibility work, capital for the purchase and then revenue funding again for initial running costs. It is delivered in partnership with The National Lottery Community Fund and Highlands and Islands Enterprise.

The Government should therefore earmark £250m of the additional funding announced for the Towns Fund to support community-led organisations to take on buildings and land that matter to them in their town centres over the next five years. This fund would be held centrally so communities ready to take on high street assets are able to apply for it. It should include initial feasibility funding, capital funding for building purchase and critically revenue funding to support the early running costs of the building. Evidence collected from examples where community asset ownership has run into trouble demonstrates the importance of this upfront revenue funding.40

Alongside this investment in community ownership, we also need to invest in the capacity of community organisations if we want them to drive ambitious change. In Scotland, funding awarded through the Scottish Land Fund unlocks capacity-building support from Highlands and Islands Enterprise. A similar approach should be taken in England, with the High Streets Task Force providing access to capacity building for community organisations.

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that successfully secure funding. A sum of £10m, taken from the £250m earmarked above for community buyouts, should be made available to the Task Force to provide this support.

**Greater local influence**

Communities need to play a central role in shaping local priorities around the high street because they know best what their place needs, have a long-term interest in the future of the place and are critical players in changing how high streets are used. Community organisations can play an effective mediating role between local residents, the local authority and business groups like Business Improvement Districts (BIDs).

BIDs should be reimagined as collaborations between local businesses and community-led organisations which have a stake in the high street, and should involve a close working relationship with local authorities. **Introducing community representatives into the governance of BIDs** would be an important signal of that change. There should be a three-way conversation between local businesses, local authorities and community-led organisations, and that will have different dynamics in each place based on local needs and relationships. How these conversations happen should not be mandated from above. However, government can play a role in enabling these conversations to happen and ensuring that communities and wider civil society organisations can play a meaningful role in shaping local priorities.

The Government should **extend the current grant and technical support available to communities undertaking neighbourhood planning to cover town centre and high street revitalisation as a specific priority**. As part of this, it should align the current support programme effectively with the High Streets Task Force to ensure the right technical support is available. This would allow communities choosing to pursue neighbourhood planning to be fully engaged in placemaking of both future housing and high street development.

In addition, the Government must ensure that **bids for the High Streets Fund and Towns Fund, both of which have received additional resources under the new Government, can demonstrate effective partnership with community organisations**. This should include the option for partnerships to be led by community organisations, putting local people in control of building the necessary partnerships with statutory agencies, private businesses and other parts of civil society to deliver lasting change on their high street and in their town more widely. Community-led partnerships were an accepted
A way of delivering regeneration in the past, for example under the Single Regeneration Budget, but have fallen out of favour. If they are underpinned by a long term-strategy to enable community organisations to take on assets and develop enterprise, they can successfully drive local regeneration.

The role of local authorities in supporting communities

Local authorities are critical in supporting communities to play a greater role in shaping the future high street and in enabling community ownership. It’s not about communities going it alone – it’s about partnership.

Local authorities already have a number of powers that they can use to support greater community ownership on the high street, but the potential of existing powers is not being maximised.

Community asset transfer of local authority buildings into community hands can enable local people to bring new life to the high street, as we have seen in the cases of the Bakers Oven building in Dumfries. Community-owned assets also act as powerful local economic multipliers through local employment and local supply chains. However, the scale of community asset transfer varies enormously between local authorities. Some authorities such as Cornwall and Bradford have completed over 100 transfers; others none at all. These powers should be used more extensively to give communities a meaningful stake in the development of the high street.

This can be supported by greater use of the borrowing capacity that local authorities have through the Public Works Loan Board to support well established community businesses in their local area to grow and take on more responsibility for local economic development. Again, some local authorities such as Hull, Plymouth and Leeds have used these borrowing powers effectively to support community business but their potential has not been fully exploited to support mature community-based organisations to thrive.

Compulsory Purchase Orders (CPOs) are a last resort but they are a tool that local authorities can use to enable community ownership when all other routes have been exhausted and there is a clear public benefit to doing so. Calderdale Council recently secured The Holywell Inn in Holywell Green for the community using CPO powers. Instead of being turned into flats, the pub will be retained as a community asset. In areas of high land value CPOs can be risky because the local authority buys at a commercial rate and may transfer the asset at a loss. But in other

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41 See Investing in Localism: How local authorities can provide good finance for community business (Power to Change, 2018). Available at: https://www.socialfinance.org.uk/sites/default/files/publications/power_to_change_localism-working-paper.pdf
areas, these powers can be a critical tool for the curation of the high street.

Local authority ownership of high street properties can in general be a useful means of supporting community-led activity. For instance, in Ashford the local authority has purchased a run-down shopping mall and is now curating it as a growing space for independent businesses, providing stepped rents, shorter tenancies and licences as well as business advice. A better balance of funding between capital and revenue from central government through the High Streets Fund and Towns Fund would enable local authorities to more effectively support community organisations in this way, for example by providing tapering funding alongside asset transfers or by providing start-up grants alongside refurbishment of a town centre building.

Finally, local authorities can play a critical brokerage role in connecting up community organisations with vacant properties where there are landlords willing to engage and see their properties occupied rather than left empty. The local authority is in a stronger position to negotiate on behalf of community organisations than any individual organisation. However, for this sort of approach to have a lasting impact, community organisations need to have the ability to sustain activity in these vacant properties rather than needing ongoing grant support. The Government’s current Open Doors pilot, which links charities with empty high street properties, is a positive step forward in terms of bringing new activity and footfall to high streets in Stoke on Trent, Bradford, Kettering, Slough and Rochford but it is unclear how this activity can be sustained once government support is no longer available.

The High Streets Task Force is well placed to share examples of best practice across these areas to incentivise more local authorities to use the powers available to them to support a strong role for communities in the development of the high street.
Conclusion

Community ownership is not just vital for the future of our high streets. It is a crucial part of any credible response to some of the big economic and social issues facing many parts of the country. Evidence from the last 30 years of regeneration efforts demonstrates that local control and ownership are critical steps in delivering successful schemes with lasting and impactful legacy. The various efforts under way to address regional imbalance and arrest local decline must all keep in mind the power and potential of putting communities in charge.

But given the scale and speed of the crisis on the high streets, it is here that community ownership can have its most immediate effect. As the old retail-dominated model melts away, we must do everything we can to replace it with a more resilient one rooted in communities themselves. This would have the twin effect of addressing the crisis and speaking to the deep and innate desire in communities everywhere to identify with the places where they live. Community ownership is what works, and it is what people want.

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42 See https://www.powertochange.org.uk/blog/better-stronger-towns-fund/
Appendix

The research and analysis of vacancies on high streets by type of owner was undertaken for Power to Change by James Child, Head of Retail and Industrial Research at EG, with a view to understand which parties have the greatest stakes in some of the UK’s busiest retail thoroughfares, as well as who owns vacant units on the high street. Data was taken from Radius Data Exchange, and supplemented with data from the Land Registry and the Scottish Assessors Association. Experian was used to complete fields of entry for potential missed addresses in the streets below.

The analysis covered 22 streets across 11 cities. These were: Bath (Stall Street, Milsom Street); Birmingham (Corporation Street, New Street); Bristol (Broadmead, Horsefair); Cardiff (Queen Street); Edinburgh (Princes Street, George Street); Glasgow (Argyle Street, Buchanan Street, Sauchiehall Street); Leeds (Briggate, Albion Street); London (Oxford Street, Regent Street); Manchester (Market Street, Deansgate); Newcastle (Northumberland Street, Grey Street); Nottingham (Lister Gate, Bridlesmith Gate). Street selection was based on population density and footfall. This amounts to analysis of 3,200 individual units across the 22 streets.

Landlord types are in conjunction with British Property Federation (BPF) existing standards. UK REITS & Propcos – Real estate investment trust, or REIT, is a company that owns, operates or finances income-producing real estate. Propcos are set up as a subsidiary company that exists to hold or own a parent or opco’s (operating company) income-generating real estate. Overseas investor(s) – Company origin from for outside United Kingdom. This includes pension funds which may have a UK subsidiary. Investment management schemes – Multi faceted investors who operate co-mingled mandates, not just in real estate. Public Sector – Assets that are under the control of public services and public enterprises. Includes local authorities and councils. Traditional estates, church & charity organisations – Property owned by traditional estates and historically owned church and or charity assets. Institutions (insurance, banking and pension funds) – Owned by large-scale pension funds, investment banks and insurance companies. Private individual(s) – also known as retail investors, private individuals are acting only for themselves, and are not representing any group, company, or organisation. Retail & leisure occupiers – Retailers or other high street regulars who have purchased the real estate they trade from. Other – UK based business’ who do not fall under any of the above, miscellaneous ownership.