



power to  
change

business in  
community  
hands

# A high street revolution



**How private developers can support the  
community takeover of our town centres**

A report prepared for Power to Change  
Written by Neil Lee & Polly Swann

June 2021

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## About this paper

Power to Change commissioned LSE Consulting to explore the role that private sector developers can play in supporting greater community involvement on our high streets and in our town centres. It aims to draw out lessons for private developers. It explores what conditions would enable private developers to support community involvement more boldly, and the opportunities for developers to proactively support the emergence of a high-quality pipeline of community businesses in the regeneration of our high streets.

### About the authors



Neil Lee is a Professor of Economic Geography at the London School of Economics. He joined the Department in 2013, having previously been Head of Socio-Economic Research at The Work Foundation, a think-tank. Neil's research considers economic development, innovation, public policy and inequality; with his recent studies considering the impact of high-technology sectors on low-wage labour markets, access to finance for SMEs in cities across the world, and new forms of innovation policy. He has worked with public and private sector organisations, including NESTA, the World Bank, the OECD, the European Commission and the UK government.

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### Acknowledgments

We would like to thank all the interviewees who kindly gave their time to speak with us and help inform our research. Any errors or omissions are the responsibility of the authors.

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## Executive summary

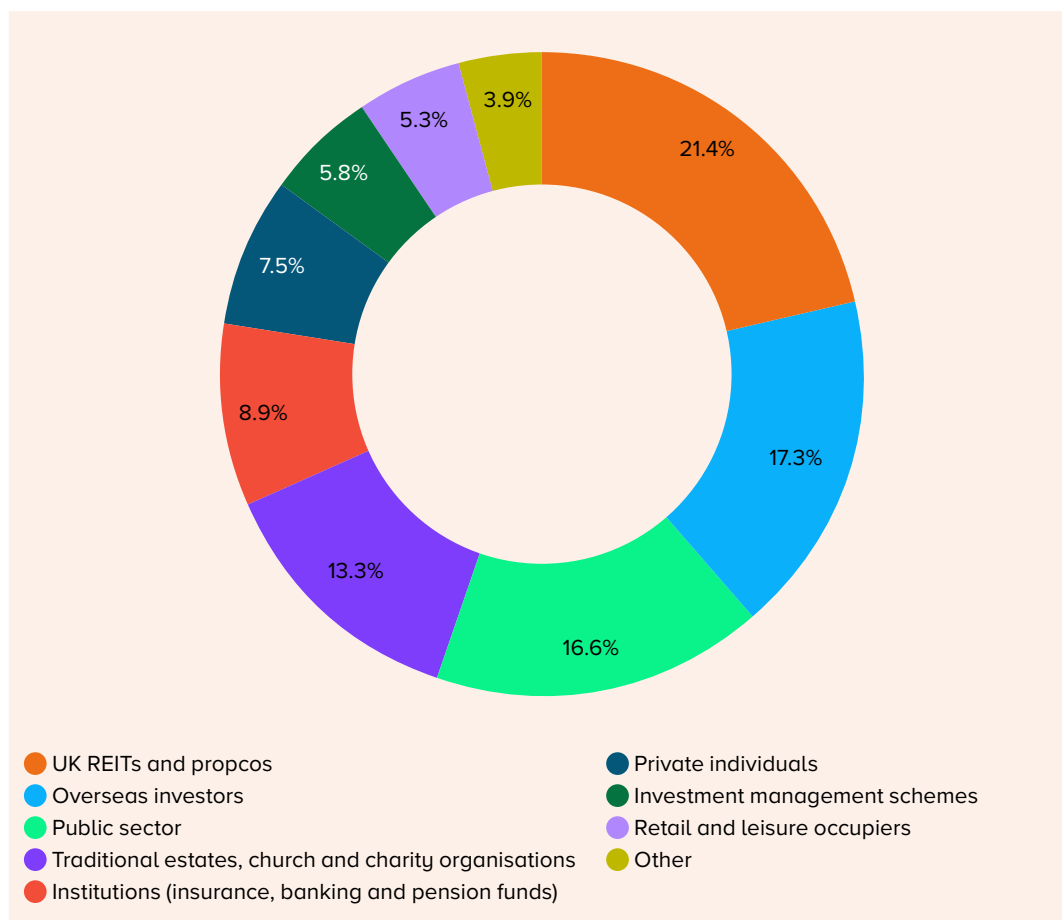
Our high streets and town centres are facing many challenges. The widespread perception is that COVID-19 has accelerated many of the trends and changes that were affecting high streets before the pandemic, especially the inexorable growth of online shopping and competition from megastores and retail parks. The immediate impacts of the pandemic on our high streets can be seen in the significant fall in footfall during lockdowns, the rise in empty properties and the fall in overall retail values. At this point in time, no one can predict the longer-term impacts but what is clear is that there will be ‘no going back’ to normal in terms of our shopping and socialising habits and that high streets and town centres need to adapt, transform and find a new focus in order to survive.

What the pandemic has shown us, however, is that people want to connect with their local area and be a part of their community; with local groups of people often creating effective solutions to local challenges. Recent polling research by Local Trust and Survation<sup>1</sup> highlights the importance that people place on local social infrastructure – places to meet such as high street and neighbourhood spaces and other community facilities which bring people together and help develop community ties. There is a growing recognition that communities need to play a central role in shaping their town centres and high streets to better meet people’s needs. Interventions and policy initiatives such as the Future High Streets Fund, the Stronger Towns Fund and the Levelling Up Fund demonstrate the government’s commitment to renew and reshape town centres, while local authorities continue to have a critical role in planning, funding and delivering the recovery and future of our towns.

In this report we argue that the private sector has an equally important role to play in responding to these new challenges and opportunities, not least because property companies and private investors own a significant proportion of the UK’s high streets. Analysis by EG (see figure 1) of retail premises shows that traditional property companies and real estate investment trusts (REITs) own the largest share of UK high streets (21.4%), while overseas investors are also investing in high street buildings and units – owning almost a fifth of shops (by number). Given that large parts of town centres will be privately owned, finding solutions will need to involve working with private developers and encouraging their investment. Unlike retailers and other occupants who can surrender their leases, commercial property owners need to protect and enhance the value of their assets. As such, they have both the incentive and means to help bring about the transformation of the high street and the wider community landscape. Some private developers are beginning to drive the transformation, investing in mixed-use development and repurposing their shopping centres to offer more leisure, health and wellbeing and residential accommodation.

1 Local Trust and OCSI (2020). Left behind? Understanding communities on the edge. Available at: <https://localtrust.org.uk/news-and-stories/news/left-behind-areas-missing-out-on-community-facilities-and-places-to-meet/>

**Figure 1: Ownership of top UK high streets by investor type**



Source: based on analysis by James Child for EG<sup>2</sup>

At the same time, research facilitated by Power to Change demonstrates how community businesses can play an important role in successful high streets. A recent study for Power to Change (Lee and Swann, 2020)<sup>3</sup> identified five main benefits of community business on the high street. Importantly, many of these benefits extended to other businesses in the local area – because the high street is an ecosystem, integrating community business into the mix can benefit the private sector organisations in the same place. However, community businesses face barriers when it comes to managing and owning high street property.

2 Child, J. (2019). Who owns the high street? EGI. Available at: <https://www.egi.co.uk/news/who-owns-the-high-street/>

3 Lee, N. and Swann, P. (2020). Saving the high street: the community takeover. Power to Change. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>

These include a lack of access to local government and decision-making, fragmented ownership of high street premises and stubbornly high rents and property prices.<sup>4</sup> Addressing these barriers will require both national and local intervention. Alongside work to develop new governance models and greater clarity around property ownership<sup>5</sup>, there is an emerging conversation about how private landowners and developers can work more closely with the communities they serve to ensure that high streets remain relevant and successful.

From our discussions with private sector developers, the ‘over supply’ of retail space on the high street and changes in the private finance and funding landscape were the two main challenges influencing private sector development and the retail property market post COVID-19. In response, the view expressed by the interviewees was that private developers will need to become the ‘curators’ of space; taking a more active role in the high street and looking more closely at how they can create places that are relevant to communities. This in turn will help ensure the longer-term security of the property investments these private developers and landowners are ultimately responsible for.

Encouragingly, this research reveals an emerging conversation about how private landowners and developers can (and want to) develop more community-oriented models within their property portfolios. Private property investors such as Legal & General (LGIM), Ellandi and New River REIT are taking a more active role in how they create places that are relevant to communities, looking to use their retail and shopping centre spaces differently to support a more vibrant mix of uses and tenants.

4 Brett, W. and Alakeson, V. (2019). Take Back the High Street. Putting communities in charge of their own town centres. Power to Change. Available at: [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

5 Housing, Communities and Local Government Committee (2019). High streets and town centres in 2030. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf>

We have identified various ways in which private sector developers are deliberately focusing on repurposing retail assets and creating opportunities to introduce new uses that meet community needs. These include:

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#### **Community hubs in shopping centres**

Repurposing space to provide facilities that meet community needs. Consciously involving community organisations and community businesses in reimagining shopping centre spaces would help ensure a more diverse mix of uses to meet community needs while attracting a wider range of visitors to both the shopping centre and community hub.

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#### **Meanwhile use of space**

While this should not be viewed as a remedy to vacant space in itself, it can be an effective entry point for community businesses and groups, and a useful stepping-stone on the journey towards securing permanent premises.

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#### **Providing subsidised or free workspace and business enterprise support**

Proactively creating space in empty retail units to support local enterprise and coworking – like Barclays Eagle Labs and TownSq – and facilitate high-quality local start-ups. Successful businesses can then move on to trade independently from their own premises on the high street, which can contribute to the wider health and sustainability of the town centre.

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#### **Introducing more flexible, turnover-based leases**

This is a crucial step towards providing a degree of choice to tenants in how they want to partner with private landlords. For community businesses, social and other start-up enterprises, the greater flexibility will enable them to adapt, steadily grow their activities and ultimately achieve long-term sustainability. Challenges in securing commercial tenants for properties can also lead landlords or local authority asset managers to be more flexible in their approach to rents and lease terms, such as offering social value leases.

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#### **Greater collaboration and partnership working**

Only by working together and forming partnerships across public and private sectors, sharing expertise and resources, can the longer-term vision for a viable civic high street be achieved.

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The report also presents a few examples where business improvement districts (BIDs) have started to work more closely with community organisations and highlights the opportunities for BIDs to help galvanise and coordinate local initiatives in support of a more community-oriented high street. Furthermore, a number of local authorities are harnessing property assets, partnerships and procurement in new ways to deliver social value outcomes and better meet the needs of their residents. For example, Islington Council is the first to write social value obligations into its affordable workspace procurement contracts.

Consequently, private sector companies are under increasing pressure to identify how their business activities can best benefit the communities in which they work, while investors are increasingly pushing for greater social and sustainable impact in their investments. Some private developers are making a stronger commitment to enhance the social value and sustainability they deliver through their property assets and are looking more intentionally at their social value responsibilities. However, measuring, monitoring and quantifying social value can vary from business to business, there are few industry standard measures and the available tools for putting principle into practice are still in their infancy.

Our report outlines a series of principles to guide private sector developers wishing to support the involvement of community businesses within their developments and property portfolios, and community businesses looking to work more closely with developers and local authority partners on the high street. We also recommend ways of putting these principles into practice.

### **Ensure access to high street locations and vacant retail spaces.**

Private property owners and developers can support community organisations to take on under-used and empty spaces, while also helping to ensure that community organisations have the ability to sustain activity in these vacant spaces.

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- 1.** Broker better connections between community businesses and organisations on the high street with suitable empty properties and vacant retail units in shopping centres. For example, shopping centre managers could be responsible for identifying and engaging with community businesses in the local area, to support community-led activity in shopping their centres. Local authorities can also play a critical brokerage role in connecting community organisations with vacant high street properties where there are private landlords and developers willing to engage.

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  - 2.** Offer free or subsidised coworking and incubator spaces to emerging community businesses and local start-ups in empty high street units.

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  - 3.** Provide leases which offer flexibility – starting at a low rental cost and scale up gradually, giving community business the space to grow and become financially sustainable, as well as considering offering social value leases.

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  - 4.** Consider removing or ‘insulating’ some units from a development for locally managed, community-valued uses. This would provide an opportunity to think innovatively and plan long-term for the uses that will generate most community value.
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### **Support the meanwhile use of space to encourage community businesses to establish and grow.**

The meanwhile use of space is an important recognition of the potential for community organisations to step in where other stakeholders have left the high street, but they also need to be given more resources and support to help sustain their activity.

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5. Develop a programme of support for meanwhile uses – both existing meanwhile tenants and potential occupiers – which recognises their potential to revitalise vacant space and the need to support them in securing longer-term and permanent premises.
  6. Establish ‘meanwhile use champions’, possibly within the shopping centre management team, who would be the contact for potential community occupiers and would help match premises with proposed activity.
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### **Build effective, clear and collaborative long-term relationships with local authorities and local communities.**

Reimagining retail spaces as mixed-use destinations fit for a variety of community users can help them become resilient and sustainable. As developers, owners and managers of real estate, the best way for the private property sector to ensure space is fit-for-purpose is to talk and listen to the local community that will be using it. Communities need to be engaged early and involved throughout the decision-making process.

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7. Actively identify and engage with local community businesses and organisations to support and increase their involvement in local decision-making. This will help to widen consultation because community businesses are locally rooted and closely connected to the communities they serve.
  8. Actively support neighbourhood plans aimed at revitalising high streets, as well as advocating for greater community influence in the governance of business improvement districts (BIDs) and neighbourhood planning forums, or through new models such as community improvement districts. Community organisations can play an effective mediating role between local residents, the local authority and business groups like BIDs, helping to ensure that communities play a meaningful role in shaping local priorities.
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9. Facilitate the sharing of emerging best practice between private sector developers and public sector partners. Showcase their responses and adaptations to the challenges on the high street and begin the process of mainstreaming those innovations.
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10. Introduce and strengthen organisation-wide training on good community engagement and social value outcomes. This could include supporting and participating in an independent accreditation scheme for planners and private sector developers that sets standards and recognises and rewards good community engagement (as advocated by the Centre for London public planning manifesto for London<sup>6</sup>).
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### **Prepare for opportunities.**

There is significant potential for community organisations to help reimagine the high street. For their part, community businesses will need to collaborate with local authorities and private sector developers, to build cross-sector connections and strengthen their networks.

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11. Build and maintain personal relationships with local authorities and statutory agencies, helping relate their activities to the priorities and core objectives of their local stakeholders.
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12. Ensure they are able to articulate and demonstrate both the social and economic value they can bring to the high street and wider locality. In particular, community businesses can add significant value in those areas where the council has reduced expenditure or service provision and where developers wish to introduce alternative non-retail occupiers to meet a community's needs.
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13. Ensure they can demonstrate that they are credible partners with sufficient compliant legal, governance and financial arrangements to take on a space or asset, including a robust and commercially viable business plan.
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6 Harding, C and Quarshie, N. (2021). Public Planning – a manifesto for London. Centre for London. Available at: <https://www.centreforlondon.org/publication/public-planning-manifesto/>

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# 1. Introduction

## 1.1 The changing high street

High streets are one of the most characteristic urban features; every town and city has one and each has its own distinctive identity. They offer spaces for people to meet, socialise, access services, work and live and, of course, to shop.

It is hard to predict the long-term impacts of the COVID-19 pandemic on society. The prevailing consensus seems to be that there will be ‘no going back’ to the old normal in terms of socialising and shopping. The immediate impact of the pandemic on our high streets can be seen in the significant fall in footfall during lockdowns, the rise in empty properties (in 2020 more than 11,000 stores permanently closed in the UK<sup>7</sup>) and the fall in overall retail property rents and values<sup>8</sup>.

Given that the term ‘high street’ covers a wide variety of types of place, the effects of COVID-19 will be felt differently across our towns and cities. Recent evidence suggests that larger high streets that have traditionally benefitted from office worker demands, will continue to be most affected by a decline in footfall from local employment centres, while homeworking has enabled smaller high streets to benefit from former commuters using their local shopping area.<sup>9</sup> In the short term, government support for high streets through the suspension of business rates and the range of funds available to help see businesses through the crisis will help, but the continuation of social distancing will be a challenge.

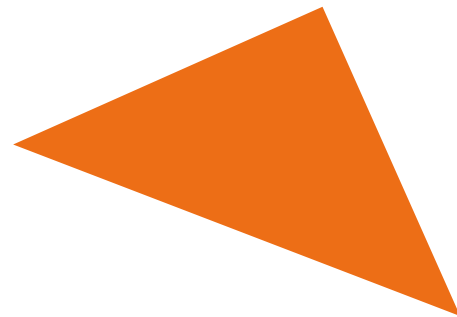
The widespread perception is that COVID-19 has acted mainly as a ‘catalyst for change’, accelerating some of the issues that were affecting high streets before the pandemic.<sup>10</sup> The rise of ‘big box’ and out-of-town shopping centres from the late 1970s started to draw footfall away from high street shops; a change which has since been exacerbated by the rise of online shopping. In more recent years, leisure services and more locally grounded retail and hospitality, such as coffee shops, restaurants and nail bars have filled some of the vacant properties left by the decline of big retail names.

7 According to the Local Data Company. See: <https://www.theguardian.com/business/2021/mar/24/british-high-street-lost-11000-shops-in-2020-study-shows>

8 REVO and Lambert Smith Hampton (2020). What next for our towns and shopping centres? Available at: <https://www.lsh.co.uk/explore/research-and-views/research/2021/covid-has-created-a-watershed-moment-for-uk-towns-high-streets-and-shopping-centres?listing=true>

9 Centre for Cities (2021). High streets recovery tracker. How are cities and large towns recovering from Coronavirus? Available at: <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

10 Bicquelet-Lock, A. (2020). Planning for Post-COVID Cities. A text-mining analysis of public views on the future of High Streets and Town Centres. Royal Town Planning Institute. Available at: <https://www.rtpi.org.uk/research/2020/december/planning-for-post-covid-cities/>



**It is estimated that England still has 20–30 per cent more physical retail space than it needs,<sup>11</sup> with many high streets lacking sufficient diversity, resilience and long-term sustainability.<sup>12</sup>**

There are both social and financial costs associated with empty shops in town centres, not least through loss of business rates and earnings. Further to this, empty shops can cause a ‘negative feedback loop’ – they discourage investment, decrease the offer of a high street, keep customers from visiting and contribute to a general sense of decline and neglect.<sup>13</sup>

Dealing with or changing a negative image for all or part of a high street becomes a much more challenging prospect where there are multiple landlords and private owners of high street property. Analysis by EG<sup>14</sup> of retail premises shows that traditional property companies and REITs are the biggest owners of high street shops and units, with a 21.4 per cent share, followed by overseas investors (including European and other international banks, global REITs, other investment funds and wealthy private individuals) owning almost a fifth of shops (by number). The public sector is the third largest owner of UK high streets, with a 16.6 per cent share. This disparate ownership of the high street goes some way towards explaining why so many town centres are suffering. Fragmented ownership makes it difficult to create unified and accountable town centre plans, with the mix of proprietorship enabling private owners to focus on their individual investments rather than the wider community and high street landscape.

11 Radojev, H. (2019). Retail property 2030: fewer shops, cheaper rents, indie anchors. Retail Week. Available at: <https://www.retail-week.com/stores/retail-property-2030-fewer-shops-cheaper-rents-indie-anchors/7032339.article>

12 Brett, W. and Alakeson, V. (2019). Take Back the High Street. Putting communities in charge of their own town centres. Power to Change. Available at: [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

13 Local Government Association (2020). Dealing with empty shops – a good practice guide for councils. Available at: <https://www.local.gov.uk/dealing-empty-shops-guide>

14 Child, J. (2019). Who owns the high street? EGI. Available at: <https://www.egi.co.uk/news/who-owns-the-high-street>

The decline in our high streets matters because they are about more than retail; they have a particular social and community value too. High streets are highly social, diverse and accessible spaces and form part of collective identities, places of shared experiences and interaction. Indeed, the response of individuals and community groups to COVID-19 has shown that people want to connect with their local area and be a part of their community, often coming up with effective solutions to local challenges.<sup>15</sup> According to the 2021 Demos research report on life after COVID-19<sup>16</sup>, people's relationship with 'place' appears to have become stronger and there is evidence that this will change behaviour into the medium term, including more remote working and spending more money in local neighbourhoods.

The recent review of town centres by the retail expert Bill Grimsey<sup>17</sup> in response to the COVID-19 pandemic, sets out how town centres and high streets could 'build back better' by transferring power to local communities. It argues that local communities could develop new models for their high streets and town centres, based on quality of life and local needs rather than mass consumerism. Similarly, the Housing, Communities and Local Government committee report on high streets<sup>18</sup> called for new uses of the high street as 'activity-based community gathering places', offering more leisure, arts and culture, and health and social care.



15 Miller, S. (2020). The impact of community businesses on people. Power to Change. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2020/09/Power-to-Change-Impact-Report-2020-V2.pdf>

16 Ussher, K., et al. (2021). Post pandemic places. DEMOS. Available at: <https://demos.co.uk/wp-content/uploads/2021/03/Post-Pandemic-Places-Report.pdf>

17 Grimsey, B. et al. (2020). Build Back Better: Covid-19 Supplement for town centres. Available at: <http://www.vanishinghighstreet.com/wp-content/uploads/2020/06/Grimsey-Covid-19-Supplement-June-2020.pdf>

18 Housing, Communities and Local Government Committee (2019). High streets and town centres in 2030. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf>

Government initiatives such as the Future High Streets Fund and Stronger Towns Fund recognise the size of the challenge facing England's towns and cities; seeking to 'renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability'. Together with the Levelling Up Fund<sup>19</sup>, these public sector funding mechanisms will provide almost £9 billion of investment over the next five years. A further two funds were announced in the 2021 Budget under the banner of the 'levelling up agenda' to support community involvement. The Community Ownership Fund<sup>20</sup> makes £150 million available to communities across the UK to help them buy or take over local community assets at risk of being lost, to run as community-owned businesses, while the UK Community Renewal Fund<sup>21</sup> provides £220 million to help local areas 'prepare for the launch of the UK Shared Prosperity Fund in 2022' (which will replace EU Structural Funds from 2021).

While the collapse and restructuring of the retail sector is clearly damaging for many town centres, there is an opportunity to reclaim local control and repurpose the high street as an engaging place for local communities, serving a wider social and civic role.<sup>22</sup> However, this transformation can only succeed with the active engagement of private property companies and investors, as they are the owners of a significant proportion of the UK's high streets. Unlike retailers and other occupants who can surrender their leases, landlords and developers have assets, the value of which they need to protect and enhance. As such, private property owners and developers have both the incentive and the means to help bring about high street and town centre transformation. Finding creative solutions will need to involve working with the private sector and encouraging investment from them. Indeed, many private sector developers are beginning to invest in more mixed-use developments and are repurposing their shopping centres to offer more leisure, health and wellbeing, coworking space and residential accommodation.

19 Ministry of Housing, Communities and Local Government (2020). Press release. Available at: <https://www.gov.uk/government/news/10-billion-package-to-build-more-homes-and-level-up-communities>

20 Ministry of Housing, Communities and Local Government (2021). Community Ownership Fund. Available at: <https://www.gov.uk/government/publications/community-ownership-fund/community-ownership-fund>

21 Ministry of Housing, Communities and Local Government (2021). UK Community Renewal Fund: prospectus 2021-22. Available at: <https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus/uk-community-renewal-fund-prospectus-2021-22>

22 Ministry of Housing, Communities and Local Government (2020). Living with Beauty: Promoting health, well-being and sustainable growth. Available at: <https://www.gov.uk/government/publications/living-with-beauty-report-of-the-building-better-building-beautiful-commission>

## 1.2 The role of community businesses

Community businesses are defined by Power to Change as being:

- 
1. **locally rooted,**  
i.e. started by local people for the immediate community around the business.

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  2. **accountable to the local community.**

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  3. **trading for the benefit of the local community; and**

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  4. **having a broad community impact.**

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A form of social enterprise, community businesses are committed to positively benefiting society through trading in a sustainable way, with all profit from a community business reinvested in the local area. Community businesses are focused on benefiting a specific local geographic area and because they are accountable to the beneficiary community, local people can be involved in formal participation or even legal ownership.

There are many types of community business working across a wide range of sectors including, for example, employment support, training and education/ business support, housing, health and social care, transport, sports, craft, finance and environment/nature conservation. Many community businesses are in the realm of public service and civic space, such as community centres, libraries, leisure centres, pubs, shops and catering, and as such form vital parts of high streets.

As research by Power to Change shows, community businesses and other types of community-led organisations can play an important role in successful high streets. Not only are community businesses locally rooted and trusted, they also often remain for longer than other forms of private enterprise, helping to build community wealth in an area<sup>23</sup>. Similarly, a recent study for Power to Change by LSE Consulting<sup>24</sup> shows how community businesses serve as ‘destination places’ – increasing footfall on the high street. The study suggests that where local authorities have helped bring about community business ownership and access to both public and privately-owned buildings, it has created more vibrant and resilient high streets.

23 Research commissioned by Power to Change suggests that community shops trading in England can boast a 95% long-term survival rate, compared with a 45% five-year survival rate for UK small business in general. For community pubs, the survival rate rises to 100%. See Brett, W. and Alakeson, V. (2019). Take Back the High Street Putting communities in charge of their own town centres. Power to Change. Available at: [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

24 Lee, N. and Swann, P. (2020). Saving the high street: the community takeover. Power to Change. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>

However, community businesses face a range of barriers when it comes to managing and owning high street property. These include:

- a lack of access to government and decision-making at a local level
- fragmented ownership of high street space and a lack of transparency around commercial property ownership
- stubbornly high rents and property prices.<sup>25</sup>

Addressing these barriers will require both national and local intervention but, alongside work to develop new governance models and greater clarity around property ownership<sup>26</sup>, there is an emerging conversation about how private landowners and developers can work more closely with the communities they serve and support the involvement of community businesses in town centres and high streets.

#### Benefits of community business to the high street

In the study for Power to Change entitled 'Saving the high street: the community takeover (Lee and Swann, 2020)', five main benefits of community business on the high street were identified. Importantly, many of these extended to other businesses in the local area – because the high street is an ecosystem, integrating community business into that mix can have benefits for the private sector in the same place. The benefits are:

- **Serving as a 'destination place'** – bringing people into the high street, particularly where they served as community hubs.
- **Increasing diversity of users** – community business can also attract different groups of people to the high street.
- **Building resilience** – many community businesses see themselves as stewards of the local area and serve a function in building resilience.
- **Building links with other businesses** – community business often need to develop networks, using local suppliers.
- **Shaping a vision** – successful community business can provide a focal point for the high street, developing its reputation as a thriving, interesting and inclusive place.

25 Brett, W. and Alakeson, V. (2019). Take Back the High Street Putting communities in charge of their own town centres. Power to Change. Available at: [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

26 Housing, Communities and Local Government Committee (2019). High streets and town centres in 2030. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf>



### **1.3 Who are private sector developers?**

The reference to private sector developers in this report is a broad one: essentially, a property developer who acquires buildings or land in order to construct or refurbish buildings on a site, with the aim of generating a profit. The buildings are typically sold entirely or in part to others, or retained as assets to produce cash flow via renting them out to occupiers who lease them. Institutional investors such as banks, insurance companies, pension funds, REITs, endowments and mutual funds, also pool money to purchase large retail estate assets, such as shopping centres and part of a town. Because they invest money on behalf of others, they have a responsibility to secure an income stream on those investments. REITs own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hotels and high street shopping centres. The majority of smaller and medium towns are too small to be attractive to large investors and so most high streets are more fragmented in terms of ownership, with individual shops owned by individual landlords (or a family property company). This fragmented ownership can make it difficult to work in a cohesive way to address the challenges faced by high streets.



## **1.4 Our methodology**

We used a combination of desk-based research and stakeholder interviews.

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**Phase 1 – Scoping exercise.** We began with desk-based research to identify potential research participants, including private sector developers, local authorities and community businesses. We drew on examples known to Power to Change, as well as conducting scoping interviews with retail property experts, including the British Property Foundation.

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**Phase 2 – Stakeholder interviews.** We spoke with twenty interviewees from private property development companies, local authorities and community businesses by telephone. The interviews explored the extent to which private developers are supporting the involvement of community businesses and organisations on the high street and other types of meaningful community involvement. We have included models of good practice and new and interesting approaches as short case studies throughout the report.

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**Phase 3 – Synthesis and wider findings.** In our final phase we drew out the wider findings and points of interest from the interviews and case studies – what they mean for private developers in terms of better supporting community business involvement on the high street, and the ways in which private developers, local authorities and community stakeholders could work together to benefit the high street. These are presented under five main approaches:

- community shopping centres as community hubs
- the meanwhile use of spaces for community business
- greater collaboration
- innovations in traditional leases and rents
- developing a ‘community as curator’ approach.

We also provide some principles to guide private sector developers and their partners in extending their support for community business on the high street and for community businesses looking to work more closely with the private sector.

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## 2. Findings and approaches to community involvement

### 2.1 Challenges facing the private property sector

It is important to understand what drives and motivates private sector developers and investors, as this will influence how they view the high street and their responsibilities in terms of supporting greater community involvement in the management and ownership of buildings and spaces. From the discussions, the two main post COVID-19 challenges for private sector development and the retail property market are changes in the private finance and funding landscape and how to reduce the amount of empty space in town centres.

According to the High Streets Task Force report on the challenges faced by town centres<sup>27</sup>, the traditional funding models of retail development which rely on investment from commercial banks, pension funds, life insurance funds or REITs are no longer fit for purpose, while institutions and REITs have reduced their appetite for large scale, risky and (often) lengthy developments. Furthermore, there is very limited development finance for real estate. One of the interviewees noted that the next year will see an increasing number of retail assets return to the banks and lenders, many of whom never planned to manage them actively, let alone regenerate them. While in many instances banks and investors will want to withdraw their interest in these assets in the short term, local authorities are motivated to regenerate for long-term benefit. In recent years an increasing number of local authorities have purchased shopping centres with the deliberate intention of revitalising and managing them to benefit the local town, when traditional property investors have wanted to exit or reduce their exposure. For example, Shropshire Council purchased the Darwin Shopping Centre, the Pride Hill Shopping Centre and the lease on the Riverside Shopping Centre for £51 million in 2018, while Bolton Council spent £14 million to gain control of Crompton Place shopping centre in the town centre. There are concerns that councils are paying over the odds for these failing centres, especially as their value continues to fall. But councils argue that they are taking the long-term view with these investments and will benefit from supporting their communities by repurposing failing retail schemes.

Many high streets and town centres also have too much retail floorspace given recent chain store closures, corporate portfolio rationalisation, rising vacancy rates and the impact of online retail. As a result, town centres will require a smaller, more focused retail core. Retail property owners are having to look at how they can reposition their assets to provide a broader range of alternative functions, including leisure, residential, community, healthcare and education. This includes shopping centres which are increasingly being viewed as prime town centre real estate, with the potential to create long-term, mixed-use community space.

27 Beyond Retail Taskforce (2013). Beyond Retail: Redefining the shape and purpose of town centres. Available at: <https://www.highstreetstaskforce.org.uk/resources/details/?id=b94ef27e-40d4-4f14-81c2-8aa9845618a2>

## **2.2 Private developers becoming the curators of high street spaces**

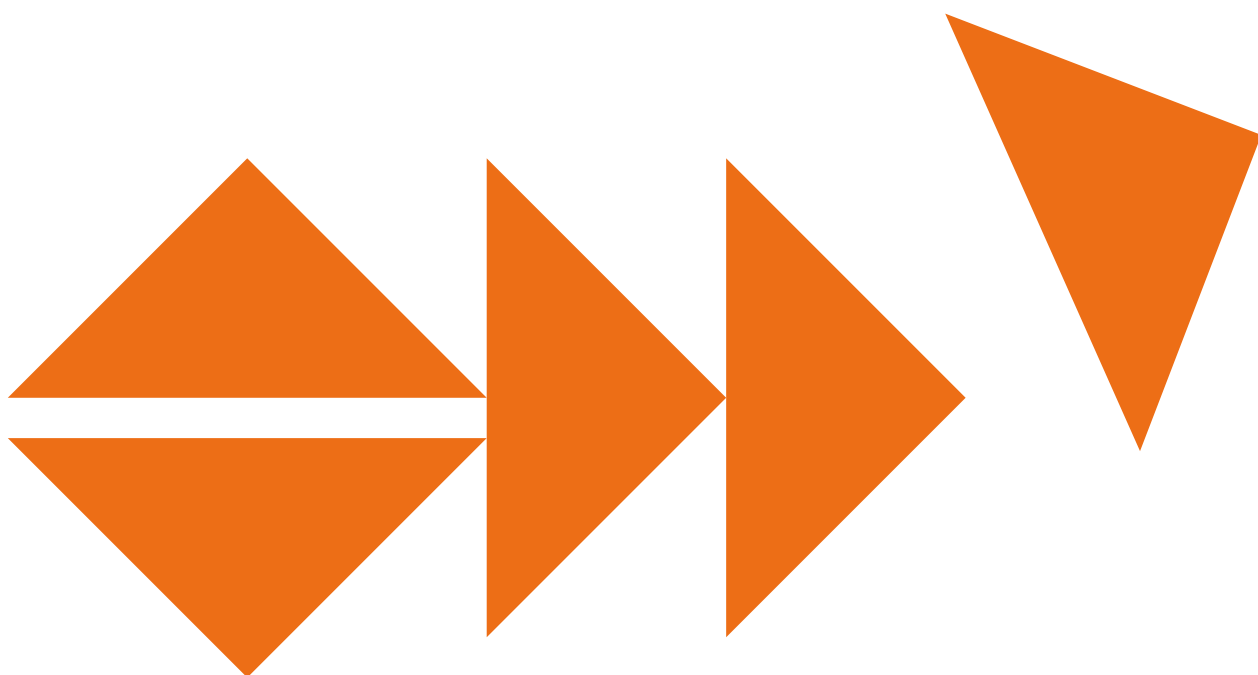
Several private sector developers we interviewed spoke about the need for private developers to become the ‘curators’ of space; taking a more active role in the high street and looking more closely at how they can create places that are relevant to local communities, rather than relying on individual tenants/occupiers to do so.

**“We need to be far more active managers of space. One phrase we often talk of is moving from librarians to being far more operationally involved and connected to our customers and communities. We need to be part of the solution.”**

**Research manager, Legal & General Investment Management**

There was also a recognition that as the rents on retail units continue to fall, these spaces are starting to become more affordable and in line with alternative uses, opening up the opportunity to diversify from retail towards supporting community enterprise. One way in which Legal & General is seeking to do this is through introducing its ‘flexible partnership model’ as part of a commitment to re-imagine its retail assets. Some private property investment companies are also looking to use their retail and shopping centre spaces differently, especially vacant retail space – repurposing it or introducing meanwhile uses to support community activity.

The following section explores the different approaches and emerging activities of private sector developers with the potential to involve and support the emergence of community businesses in our high streets and town centres.



### **2.3 Approach 1:**

#### **Community shopping centres as community hubs**

There is a growing call from both within the private property sector and society in general for shopping centres to diversify into community hubs in order to address both the oversupply of retail space and the needs of local communities. While an increasing number of local authorities are purchasing shopping centres, the majority remain privately owned. Ellandi is the UK's leading investment manager of community shopping centres, while New River REIT (NRR) is the only retail estate investment trust with a large shopping centre portfolio. Our discussions reveal that both Ellandi and NRR clearly recognise the importance of their community shopping centres in providing a range of civic amenities and services that go beyond retail, to include community use and involvement.

Reimagining shopping centres as community hubs will require significant investment and partnership working between the private and public sector, but an increasing number of community shopping centres are being reconfigured and repurposed to provide civic amenities and community spaces.

While shopping centres are not where you would naturally think of community businesses being located, a small number of community businesses occupy space within Ellandi's property portfolio, albeit 'more by accident than by design'. Ellandi does not currently have a strategy or internal benchmarking mechanism for identifying and engaging with community groups and businesses, which is done on an asset-by-asset basis. This is something that they would like to address and improve. Similarly, NRR has a small number of community-oriented organisations occupying space in some its shopping centres, but they tend to be temporary or making use of meanwhile spaces.

**“We would like to have a bit more structure in place to understand when businesses are community owned, because I'm sure we have more but we don't know that they are community and they don't tell us ... We are working on some internal strategies about how we embed all this much better.”**

**Director, Ellandi**

One interviewee noted that if shopping centres can really become the hub of their communities and subsequently encourage community sector organisations and other public services (such as health and social care, libraries and further education) to occupy space, they can become a major influence of change in town centres and improve local economies.

**“We need to promote shopping centres as places that really become the hub of their communities and subsequently encourage public, third and fourth sector organisations to take space in them.”**

**Director, Whatifgroup**

We would argue that this emerging change in focus and direction for shopping centres presents an opportunity for community businesses not only to occupy (more) space within local shopping centres, but also to play a significant role in reimagining these spaces as community hubs. This could be achieved through making space for established community businesses within the repurposing of retail units and by proactively supporting the emergence of community businesses through providing meanwhile space. Community businesses have a good track record of taking on empty space, bringing it back into use and growing successful micro-businesses<sup>28</sup>. They are also locally rooted and deliver services best suited to their area and, as our previous study showed<sup>29</sup>, they can serve as a ‘destination place’, increasing footfall on the high street and bringing people in to use other local businesses and services.

#### Repurposing retail space for community use

As well as owning shopping centres, property developers like Ellandi and NRR also work with local authority and private sector landlords to develop long-term visions for these assets. Redevelopment schemes are increasingly including bespoke spaces for public sector tenants, like the NHS, libraries and colleges in redundant retail space. These civic amenities are known to increase footfall and dwell time, while public sector tenants provide secure covenants, have their own sources of funding available to invest and are looking for long leases. For example, Ellandi’s £50 million mixed-use development at Jubilee Street in Brighton included a modern library alongside additional retail, workspace, residential accommodation and a new community square. Similarly, NRR worked with North Tyneside Council to deliver a Customer First Centre and library above The Forum shopping centre in Wallsend, with an adjacent medical centre being planned.

28 Brett, W. and Alakeson, V. (2019). Take Back the High Street Putting communities in charge of their own town centres. Power to Change. Available at: [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

29 Lee, N. and Swann, P. (2020). Saving the high street: the community takeover. Power to Change. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>

**“Looking at repurposing town centres and bringing in the community and business into an appropriate space is long-term. It has to be.”**

**Director, Ellandi**

Legal & General is also repurposing parts of its shopping centres, high streets and retail parks. It has invested in the regeneration of Kingsland Crescent into a new high street for the town of Poole, as part of its wider investment in the neighbouring Dolphin Shopping Centre which it owns. Legal & General has committed to providing 10 retail units to start-up and independent businesses with no rent or business rates to be paid for two years.

**“Rather than having a department store anchor, you’ve got a school or a health hub where you’re providing additional services. There’s still a retail component which I think everyone will also want ... but the anchors are going to change.”**

**Research manager, LGIM**

Another example of retail space being repurposed for community-focused activity is the social enterprise Petit Miracles<sup>30</sup> which runs a creative enterprise and community hub in the West12 shopping centre in Shepherds Bush, west London, with the support of Land Securities (the largest REIT in the UK). The hub gives local people the opportunity to develop their entrepreneurial skills by showcasing and selling their products in purpose-built kiosks, alongside access to business advice and support. In Newcastle-under-Lyme, the York Place shopping centre has been reimagined by the social business Hometown Plus<sup>31</sup> in partnership with the commercial property firm Riddell TPS. With more than a third of the retail units vacant in 2016, the decision was taken to provide both retail space and community hub. Spaces within the centre now host youth projects, community organised ‘maker spaces’ and the cornerstone café is run by a social enterprise, while the anchor tenant is the YMCA.

30 See <https://www.petitmiracles.org.uk>

31 See <http://www.hometownplus.co.uk/york-place>

### Repurposing retail space for flexible workspace

The repurposing of space for flexible workspace and business enterprise support is gaining in popularity and forecast to continue as a result of changing work habits during the COVID-19 pandemic. The Barclays Eagle Labs is a prime example in the private sector, with underused Barclays spaces being repurposed into coworking spaces and other enterprise hubs created in partnership with private developers and public institutions. For example, Ellandi has repurposed the second floor of its Southampton Marlands shopping centre for Eagle Labs, in collaboration with Southampton University and the city council. Similarly, TownSq, based in Wales and the south-west of England, offers support for people to start and grow their own businesses. As well as operating a number of coworking spaces, it runs an accelerator programme for high-growth businesses and a club to help people develop their business idea while still working. The enterprise hub in Wrexham is located in the town centre shopping parade and not only connects local people starting up in business, but also provides an important community hub space supporting the activities of local community groups.

Both these models show the potential for private businesses to include (or at the very least, trial) subsidised workplaces for local start-ups in surplus office space or in standalone high street locations and, in doing so, proactively support the emergence of high-quality community enterprise and a pipeline of community businesses.

#### **Barclays Eagle Labs**

When under-used Barclays spaces became available in 2015, the company decided to repurpose them as incubator and start-up centres in the local community. Eagle Labs is now a UK-wide network of 24 centres developed in partnership with a range of organisations, including universities, councils, corporate businesses and dedicated tech entrepreneur specialists. Through coworking, accelerators, events and resources, the network of Eagle Labs aims to boost early-stage businesses with business support, e.g. networking and access to new talents, customers and markets. Barclays Eagle Labs has also launched the CharityTech initiative to support the charity sector and encourage it to adopt and make the best use of technology to help deliver services. Although the network of Eagle Labs offers a similar complement of services, each lab has been designed to reflect their locality, providing services and support that is relevant to the community and its local economy.



### **TownSq**

Started three years ago, TownSq takes an innovative, community-focused approach to supporting entrepreneurship in Wales and England. Working in Wrexham, Bicester, Bognor Regis, Rhyl, Chester and Barnstaple, TownSq runs coworking spaces in both town centre premises and more rural locations for people and communities to meet and share ideas, and access business support and peer mentoring. It runs an accelerator programme for high-growth businesses, a club to help people develop their business idea while still working and an online platform of resources. TownSq also works alongside community organisations, including the We Mind the Gap project which helps young people find employment and work placements, as well as partnering with local authorities and private businesses who want to put their empty spaces to good use. TownSq is a Certified B Corp, which means it is driven by a healthy balance between profit and purpose. It is now one of the largest coworking communities in the UK and has supported around 1,000 businesses.

**“We want to use our business as a force for good by making impactful social and environmental change for the communities where we work.”**

**Founder and CEO**

## **2.4 Approach 2:**

### **The meanwhile use of space for community business**

Given the rise in empty properties on the high street and vacant units in shopping centres, it is not surprising that the meanwhile use of space was raised during the interviews.<sup>32</sup> The advantages for private property owners of meanwhile use are clear – it brings empty buildings back into use without impacting on their longer-term development plans, while also reducing the costs of upkeep, security and business rates. For many private developers too, meanwhile use is becoming an accepted part of the development process due to the increased scale or complexity of projects resulting in some large spaces being left vacant while others are being built.

The use of meanwhile space was the most likely way in which the private developers we spoke to engaged with community groups through their property portfolios. For example, NRR has developed a strong relationship with The Art House in Wakefield, which currently occupies 17 vacant units in the town’s Ridings Shopping Centre through its Makey Wakey project.

32 A ‘meanwhile use’ describes a situation where a temporarily vacant site is utilised for a period of time before it is returned to more permanent occupation, taking advantage of a short window of opportunity.

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### 2. Findings and approaches to community involvement

Started in 2019, Makey Wakey reinvigorates empty spaces in the shopping centre with temporary exhibitions, installations, studio spaces and other not-for-profit activities. The project supports a variety of independent artists, artist groups and community enterprises. Makey Wakey takes on the 'white box' units at a reduced rent, together with 100 per cent rates relief as a charity, until a permanent tenant is found. They then have 30 days' notice to vacate. NNR pays a small amount in return to the project in respect of the business rates that would otherwise be payable. Similarly, the Migration Museum<sup>33</sup> occupies a former H&M store in the Lewisham Shopping Centre, which is managed by Land Securities. Following a successful six-month trial in 2020, the museum has secured a further two-year, rent-free term (the museum only pays for utilities). By occupying such an accessible public space, it is a new start-up form of museum that is surviving when many other museums in Britain are not.

The real estate developer EcoWorld London is working in partnership with community interest company Meanwhile Space CIC and the housing association Poplar HARCA, offering rent-free retail units to new and existing local businesses as part of the Aberfeldy Street regeneration programme. Three retail units have been made available for a one-year trial period to help ensure the retail street remains a vibrant commercial and social hub, while the long-term redevelopment plans are proposed.

The businesses are a social event and incubator space for local residents run by Aberfeldy Big Local (a partnership of local residents), a furniture and household goods recycling shop run by the social enterprise Morelife Home and a barber shop, which provides free hairdressing courses and careers advice for local young people. At the end of the year, the intention is to help these businesses to find a more permanent location elsewhere on the estate or within the local area, to ensure they can continue to serve their local purpose.

**“We want to support local business, start-ups and community involvement, so we are using the units as incubator and experimental space. The new businesses and the art murals in Aberfeldy street reflect our approach to embracing the area’s local identity and bringing the community together, as part of our wider regeneration goals.”**

**Project director, EcoWorld London**

33 The Migration Museum started life through pop-up exhibitions and events in libraries and other museums. It found a temporary place in 2017 at the London Fire Brigade’s former headquarters in Lambeth, before moving to Lewisham shopping centre in 2020. It runs on grants from trusts and foundations, some private donations and Arts Council funding for its exhibitions.

#### Challenges and opportunities of meanwhile use

Interviewees explained why some private developers and landlords are not engaging with the meanwhile use of vacant space. For instance:

- traditionally, landlords and investors tend to be risk-averse, preferring to wait for the ‘right’ occupier rather than take a rent cut or experiment with temporary use
- some landowners are wary of opening up strategic sites to third party organisations and the chance of meanwhile activities taking root (although this very rarely happens)
- given the uncertain nature of development, there is a fear that committing to a fixed-term meanwhile activity might constrain the developer’s future options
- landowners often do not perceive the benefits of meanwhile activity, especially as it is difficult to demonstrate social value to compete with commercial returns.
- One interviewee also spoke about how there are often missed opportunities, especially within larger regeneration projects, because of an ‘optimism bias’; it always takes longer to go through planning permission, consultation and contract out works than originally planned. This can result in community projects closing down and then units laying empty for years. Quite often these places then end up being let to “sure bets for developers such as dry cleaners, gyms or supermarket metros”, rather than encouraging and supporting local businesses.

It is in the interim periods of development that community businesses can step in and make the case for more community involvement in the management and ownership of spaces and buildings. For example, the meanwhile refurbishment of The Oven as part of the Midsteeple Quarter in Dumfries has immediately brought the building back to life on the high street, creating a new community space and attractions.<sup>34</sup> Community business can demonstrate the inherent value in enabling local, purpose-driven businesses to thrive and keep town centres diverse.

Finding out which spaces are empty and available (and who owns them) is a challenge for both meanwhile occupiers and community businesses alike. While there are successful social enterprises such as Meanwhile Space CIC and Makespace Oxford CIC that match occupiers with temporary and underused space, the fragmented ownership of high street properties can make it impossible for local actors – whether they are local authorities, locally engaged businesses or community organisations – to act strategically on the high street in the interests of sustainable development.

34 See <https://www.midsteeplequarter.org/the-oven-dumfries> and Lee, N. and Swann, P. (2020). Saving the high street: the community takeover. Power to Change. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>

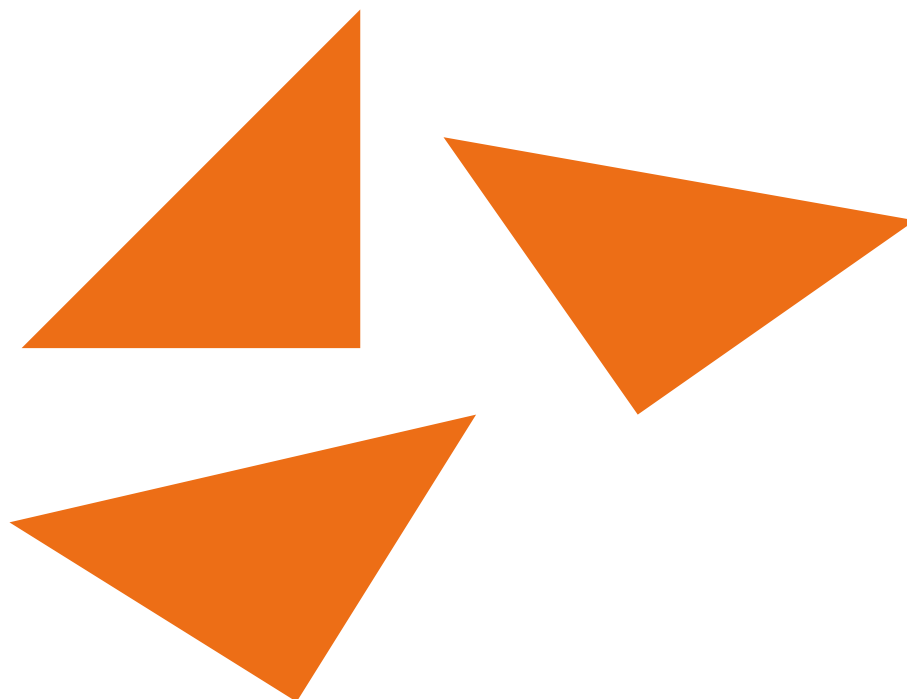
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Empty spaces within shopping centres should be easier to identify, not least because they are owned or managed by either a single private developer or local authority. Releasing information on which spaces within a shopping centre are empty and collating a register of interest from potential occupiers within the local community would not be resource intensive and represents a simple way to improve matching.

The benefits of the meanwhile use of space are well documented<sup>35</sup> and a strong case can be made to landlords, both private and public, to see meanwhile use as an investment in community involvement, community business development and in charitable activity. Community based projects can create social value as well as economic uplift. It can be used to trial new occupations of a space, or boost activity, while also opening up high streets to groups who would otherwise not be involved in creating places. It should be seen as part of the 'toolkit' for promoting local economic development.

At the same time, it is important to acknowledge that meanwhile use is inherently temporary and there is the question of how sustainable it can be in the long term. Therefore, it is important that landlords and private developers are encouraged and supported to create value in the longer term, with the goal of supporting community businesses into permanent premises.



35 Bosetti, N. and Colthorpe, T. (2018). Meanwhile, in London: Making use of London's empty spaces. Centre for London. Available at: <https://www.centreforlondon.org/publication/meanwhile-use-london/>

### **2.5 Approach 3:**

#### **Greater collaboration**

A recurring view expressed during the interviews was that the trend towards repurposing retail properties needs to be accelerated and undertaken with the support of local authorities. There needs to be greater collaboration between local authorities and private sector developers, with the local authority leading the way in bringing back civic uses and more localised retail to ensure that the high street and town centre remain at the heart of the community.

**“Where we’re starting to see movement is in the form of new partnership structures, which is exciting. It’s something we’re trying to work really hard on at the moment.”**

**Director, Ellandi**

Increasingly, local authorities and private sector developers are entering into public–private sector partnerships to finance, repurpose and manage shopping centres and high street property, with each party bringing the necessary capital and expertise. For example, in 2018 Legal & General purchased the Sovereign shopping centre in the centre of Weston-super-Mare in partnership with North Somerset Council. The centre was immediately fully let to the council for 35 years (at which point the ownership will revert in full to the local authority), enabling them to retain over 60 per cent of the shopping centre’s income with no borrowing or expenditure of their own. This will generate a long-term revenue stream for the council, allow for further local investment and enable North Somerset to curate the town centre more effectively.

**“Through a partnership approach with North Somerset Council, we’re enabling them to ultimately deliver their vision for the local town centre economy. And that’s interesting because they can take that really long-term view which is not always easy for an investor who’s only got ownership of one element of a town centre. It’s a great partnership, a great funding model which really helps the council.”**

**Research manager, LGIM**

Although local authorities have the property stock to create change in their town centres, they are not property experts and often lack the in-house retail and property knowledge. This is where REITs and property asset managers can assist in providing the necessary expertise, scale and governance. For example, NRR was appointed by Canterbury City Council to manage Whitefriars Shopping Centre on its behalf and by Market Harborough District Council to manage a cluster of shops in the town. As one property developer and investor focused on regeneration explained:

**“Local authorities are big landowners and have the stock to create change in town centres, but they don’t have the resources and money, so partnerships with private developers is the only way forward.”**

**Creative director, U+I**

Interviewees recognised the need to involve the community in the public–private partnership process, but the extent to which this actually involves a level of three-way collaboration between the local authority, private sector partners and community stakeholders on the ground was harder to ascertain. One of the interviewees commented that directly involving the community sector and other public sector bodies in the future of shopping centres and high streets can ensure that they are key stakeholders and are seen at the heart of their communities. The extent to which this engagement does happen will depend on the nature of each partnership and whether the local authority sees it as their responsibility to ensure community stakeholders are genuinely engaged with the process at a senior level.

**“Something we’re thinking about is how we can get a representative voice that can ultimately help us understand better what people want, what the challenges and opportunities are. And even more importantly, when you know you’re trying to introduce more of those types of community businesses in this environment, having those relationships is important”.**

**Research manager, LGIM**

The Towns Fund was seen as having helped facilitate partnership working between different sectors, not least because the chair of the Town Deal Board must be from the private sector, alongside board members from the voluntary and community sector to reflect the diversity of the town and surrounding area.

**“We need partnerships with local authorities and the public sector more generally, whether that’s the NHS or further education colleges, schools, council offices, the courts, the police. It’s bringing all of those into town centres. That’s where I see that towns will thrive. And that’s where hopefully alongside those kinds of uses, the community-owned businesses and groups can be brought into that repurposing strategy”.**

**Director, Ellandi**

#### **A role for business improvement districts**

Although this report does not explore the business improvement districts (BIDs) model in depth, it is important to recognise the important role BIDs play in defining the character of the high street. Together with landlords, they give businesses a collective voice to guide and prioritise what their members want for their area and help to galvanise and coordinate local initiative. There are examples of innovative practice in support of community enterprise and community involvement, such as the Camden Collective (a project of the Camden Town Unlimited BID) which provides free hot-desking space and subsidised offices for creative start-ups in repurposed, formerly empty buildings. Providing incubator space, while finding a new purpose for vacant buildings shows how the BID model can be used creatively to support local economies and communities.

As BIDs have developed and matured, they have also started to work more closely with community and voluntary organisations. The Better Bankside BID operates a small grants programme for local community organisations and is working in partnership with local stakeholders and communities to deliver the Low Line<sup>36</sup>, a project connecting the communities along the Victorian viaduct by creating walkways, green spaces and investing in the derelict railway arches and adjacent sites to support local economic activity. Similarly, in Bristol, the Bedminster BID coordinated the East Street Vision, which sets out how East Street should be developed into a thriving local high street within the wider development scheme for Bedminster Green. This vision has been used as a starting point by a group of local community organisations to push for the provision of community facilities within the development. They envisage East Street as a civic space, with community spaces managed and owned by the community.

36 See <https://www.lowline.london>

### **The Low Line**

The Low Line concept was first conceived by a local resident and has developed through a group of initial partners, including Better Bankside BID, Team London Bridge BID, Blue Bermondsey, The Arch Company and Southwark Council. The Low Line is reimagining the Victorian railway viaduct which goes through Bankside, London Bridge and Bermondsey, ensuring that investment in the derelict arches and adjacent sites contributes positively to the neighbourhoods and communities it spans. It is doing this by linking existing and new hubs of creativity, entertainment and industry.

Of the nearly 390 arches in the viaduct between Bankside and Bermondsey, some 30 per cent of them are vacant or derelict. With funding from the Mayor of London's Good Growth Fund, work is under way to refurbish and repurpose four of them at three locations as mixed occupier test beds, flexible workspaces and meeting rooms supporting a mix of new and diverse uses. The Ewer Street arch is currently used by Better Bankside as an active travel and sustainability hub. Another arch will become a community space, offering wellbeing activities, art workshops and conference events for local community and voluntary sector groups. Similarly, the intention is to repurpose an arch in Bermondsey into a social enterprise hub supporting local unemployed people, delivered in partnership with the Big Local South Bermondsey Partnership – an innovative resident-led community programme.

**“Community businesses will be part of it, as community businesses are part of the mix of what makes a place interesting.”**

**Managing director of The means consultancy and former chief executive of Better Bankside BID**



### **Bedminster Green community hub, Bristol**

In Bristol, a large-scale, primarily residential development, Bedminster Green, is being developed alongside a run-down suburban shopping street, East Street. A lack of investment in the area and changing shopping habits have resulted in a high number of vacant shops on East Street and a decline in the street's overall appeal, with large retailers such as Argos and Boots electing to leave. This is in sharp contrast to the neighbouring North Street, which is a gentrified and highly popular street of independent shops, cafés and trendy bars. The Bedminster BID has coordinated the East Street Vision (funded by Bristol City Council and five private developers), which sets out a framework to guide how the street should be developed. Windmill Hill City Farm, together with the local community, is arguing that the development presents an opportunity to create a well-designed place that is owned by the community and that the empty shops on East Street provide space for new social enterprises to create a community hub that could help to regenerate the neighbourhood and retain its character.

**“The city farm is putting itself forward as an ‘honest broker’ in advancing a good development ... There is a real opportunity for a curated collection of community businesses providing social and learning opportunities, around a central shared space such as a food hall or library space.”**

**Chief executive, Windmill Hill City Farm**

The group, working with the private developers, the council, landowners, local businesses and residents, has produced the community-led ‘Charter for Bedminster Green’, which articulates a shared vision of the East Street area. It calls for community facilities and for some of the space to be community owned. Conversations with the Bedminster BID and landlords to identify public realm and ground-floor spaces that have potential community use are in the early stages, with issues of fragmented property ownership and transparency of ownership being a challenge. The aim is to match potential community use to the footprint of the spaces as they emerge through the development design phases.

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The delivery model is based on a community sector organisation managing the community spaces, drawing income from a core set of tenants through a combination of contracted and voluntary action. This could be a new library and community space working together, with a café, youth club and community businesses providing coworking space, cultural activities and health and wellbeing initiatives.

The aspirations for East Street will require effort and investment to realise. Developers, landowners and planners will need to set aside space in their plans to help realise it, while mechanisms such as Section 106 funds, the Community Infrastructure Levy, corporate social responsibility and commercial opportunities will be needed. It is not without some risk and uncertainty, but the group believes that 'building partnerships that enable community ownership of spaces in the development will make a better development that realises benefits for all stakeholders in the long run'.

For more information, see <https://www.bristol.gov.uk/planning-and-building-regulations/bedminster-green-regeneration>



## **2.6 Approach 4:**

### **Innovations in traditional leases and rents**

As the work of Power to Change highlights<sup>37</sup>, access to high street property is a significant barrier to the growth of many community businesses, beyond their start-up phase and move towards a sustainable future. Community businesses are invariably locked out of the high street by rents which remain stubbornly high and traditional long-term leases.

The historical way in which British leases are structured, with long tenures and rent reviews every five years where the rent could only go up, is coming under increasing pressure to change. The UK leasing model is based on the Landlord and Tenant Act 1954, which bases rents on historical market evidence rather than long-term affordability. The argument is that this dependency on estimated rental value (ERV) incentivises landlords to chase the highest rent-payer for every unit, rather than focusing on the overall vibrancy and brand mix of a particular place – which over the long term would deliver much greater value.<sup>38</sup>

Some landlords and tenants have negotiated rent holidays to see companies through the COVID-19 crisis but retaining these businesses and adding new ones to the high street will require greater flexibility on the part of property developers and landlords. Lease terms that give businesses the flexibility to expand or contract their operations could be vital to a business's survival. A growing number of private property owners and landlords have recognised this and are introducing turnover-based leases across their portfolios. The move towards more flexible leasing arrangements and specific rents for start-up and independent businesses presents an interesting opportunity for community businesses to partner with these private landlords.

#### **Turnover-based leases**

Whereas under traditional commercial leases tenants typically pay a fixed annual rent, subject to periodic upward-only reviews, turnover rent varies to reflect a unit's commercial performance. One of the most high-profile introductions of turnover-based rents has been from the major retail property owner Legal & General (LGIM Real Assets). In July 2020, it launched a new commercial leasing framework for its retailers and leisure business occupants. Called the 'flexible partnerships model', it marks a move away from traditional long-term leases to a more flexible approach which Legal & General believes will better suit its tenants.

37 Brett, W. and Alakeson, V. (2019). Take Back the High Street. Putting communities in charge of their own town centres. Power to Change. Available at: [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

38 Dalton, A. (2020). Retail landlords embrace turnover rents to navigate combined pandemic and structural headwinds. BTG Advisory. Available at: <https://www.btgadvisory.com/articles/general/retail-landlords-embrace-turnover-rents-to-navigate-combined-pandemic-and-structural-headwinds>

## A high street revolution

### 2. Findings and approaches to community involvement

The flexible partnerships model will be available to existing and future tenants UK-wide and apply to all assets. It consists of four core packages:

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**Flexi model** – intended to be used with ‘white-boxed’ spaces (an empty space with plain white walls, ceiling and potentially concrete floor), aimed at emerging brands and small seasonal operators. These leases will last anywhere between three and 36 months, with rent linked to turnover.

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**Operational model** – aimed at businesses for whom the traditional leasing model no longer fits, with leasing terms of three to five years and incorporating a turnover-based rent. Break clauses in the leases are performance-based to allow poorly performing businesses to break the lease should this be needed.

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**Flagship** – a traditional lease on a longer term of five or more years for resilient occupiers who are financially solid, have a guaranteed footfall and who prefer the traditional model.

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**Flexi Flagship model** – aimed at the leisure industry with its initial high fit-out costs to pay off, and longer lead times to engage a local customers base. It combines the turnover flexibility of Flexi, but with the lease length of Flagship.

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The objective of the Flexi model is to reduce the initial cost, complexity and commitment length for small businesses and start-ups as they find their feet. They can rent flexible-term, pre-fitted spaces or pay a share of their revenue as rent. As this model can be quick to initiate, it should allow new types of occupiers to come into Legal & General’s centres that traditionally might not have had access, such as SMEs and social enterprises. It is a similar idea to one used by the public sector in relation to ‘incubation space’, where lettings are granted on tenant-friendly terms to new businesses starting up under initiatives supported by local authorities.

Other leading property owners have also introduced flexible leases across their portfolios. Ellandi is talking much more about creative ways of occupying retail space and not simply securing the highest rent. It recognises the need to be flexible about the tenants it brings in to meet community needs and the role of flexible turnover-based leases in achieving this.

## A high street revolution

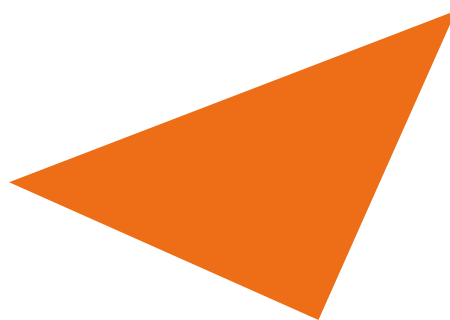
### 2. Findings and approaches to community involvement

Similarly, the shopping centre owner Hammerson is doing away with its traditional rent review and piloting a new approach focussed on flexible leases, with more regular breaks for tenant and landlord (options of three-, six- and nine-year lease breaks), rents at an affordable level and an ‘omnichannel top-up element’ based on store performance.<sup>39</sup> If the pilot at its Union Square centre in Aberdeen proves successful, all leases across its entire portfolio will be converted by 2023. This approach marks a departure from the practice of basing rents on the rental value of a location or the rent paid by previous tenants. To a lesser extent, Capital & Counties, Shaftesbury and British Land have introduced the partial, and in some cases, short-term, switch to turnover-based rents for their tenants.

As one of Europe’s largest institutional investors and landowners, Legal & General’s flexible partnerships model is a market-leading initiative that aims to play a key role in supporting high streets by pioneering new owner and occupier partnerships. The Flexi model in particular would support emerging community businesses. If Legal & General and others can prove that this new approach is successful, then the industry will move to adapt around them.

**“From our perspective it’s a forward-looking piece ... it’s an important facilitator for the things that we’d like to do in the future; the partnerships we would like to have with local communities and local authorities.”**

**Research manager, LGIM**



<sup>39</sup> Omnichannel retail is a multi-channel approach to sales that focuses on providing seamless customer experience whether the client is shopping online from a mobile device, a laptop or in a store. Hammerson’s approach could entail linking rent payments to click-and-collect sales to ensure a share in internet revenue, or footfall-derived for occupiers primarily using physical space for showrooms and brand interaction. See <https://www.hammerson.com/media/insights/>

#### Social value leases and securing social outcomes

Social value has become an increasingly prominent concept in the UK, thanks primarily to the 2012 Public Services (Social Value) Act<sup>40</sup> placing a responsibility on local authorities in England to consider social value in service contracts above a certain value. Social value is an umbrella term used for the broader positive effects that public and private sector organisations create. It could be economic, environmental or social benefits that are experienced by individuals and communities. To understand their worth, these benefits are often measured and sometimes assigned an equivalent financial value.

From the perspective of local authorities, the concept of social value requires them to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental wellbeing of an area. As local authorities are becoming increasingly financially self-reliant, they are looking at how to make their limited resources go ever further, while still maintaining the quality and breadth of services. Social value represents an area where additional community benefits can be derived. Some councils have successfully implemented social value into their commissioning and procurement processes and are obtaining genuine benefits in areas such as employment and training and healthier communities.

Several local authorities are harnessing property assets, partnerships and procurement in new ways to deliver social value and better meet the needs of their communities. One such way is using public property. Islington Council is the first local authority in the country to write social value obligations into its affordable workspace procurement contracts. The council has taken a strong, interventionist approach to economic development, that prioritises using its purchasing power and position in the local economy to generate wealth for its residents and build an inclusive economy.

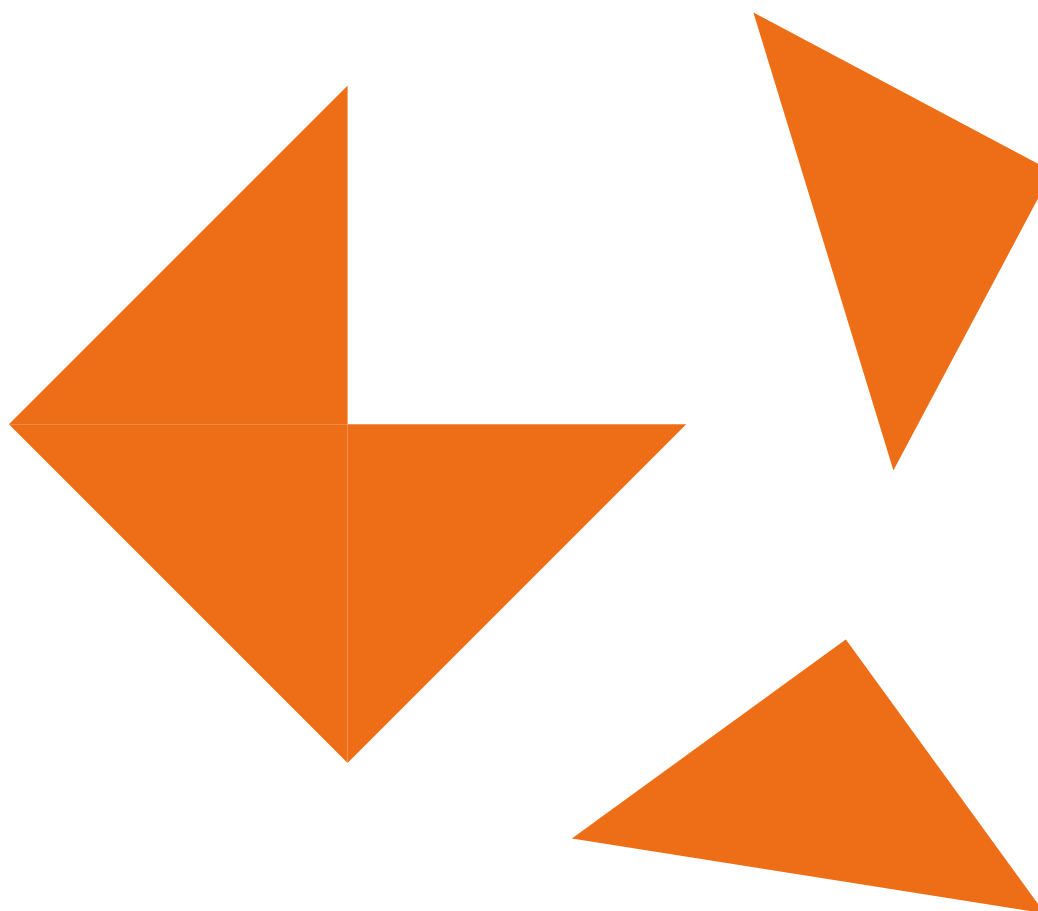
Islington Council's procurement framework for affordable workspace is ambitious but it is also a clear statement from the council that just being a good landlord is no longer enough. To ensure that the wealth and resources remain within an area for the benefit of local people and small businesses, the process needs to be managed much more closely and delivered in partnership with not-for-profit organisations. The council is continuing to push for new locations for affordable workspace and intends to increase the minimum affordable workspace requirement for new office developments from 5 per cent to 10 per cent. It is worth noting, however, that there is a risk that community value supported by a privately owned asset could be lost if the property is sold on the open market at the end of the lease agreement.

<sup>40</sup> The Well-being of Future Generations Act is the equivalent legislation in Wales, and the Procurement Reform Act is the equivalent in Scotland.

## A high street revolution

### 2. Findings and approaches to community involvement

Social value leases can provide a consistent method of quantifying, monitoring and evaluating social value outputs from potential operators and tenants. This enables councils to demonstrate social value contributions and build an evidence base for future projects. Other examples of local authorities using existing property assets and investments to generate social value include Haringey, which is testing a ‘community wealth building lease’ that quantifies the social value delivered by a tenant and discounts this against an agreed market rate rent. For example, lease discounts for employing local residents and providing long-term opportunities for those not in education or work. The discount is only awarded upon proof of delivery, which ensures that social value is monitored and appropriately rewarded over the life of the tenancy. Liverpool Combined Authority has launched England’s first land commission specifically focused on community wealth building<sup>41</sup>, to review how public land and assets can better deliver local social value through innovative processes and ownership models (e.g. community land trusts and public-commons partnerships).



41 For more information, see <https://www.liverpoolcityregion-ca.gov.uk/steve-rotheram-launches-englands-first-land-commission-focused-on-community-wealth-building/>

## A high street revolution

### 2. Findings and approaches to community involvement

#### Islington Council social value leases



Islington is in a situation where a hyper-competitive property market and the resultant demand for space has increased land values and, in turn, increased rents (in the south of the borough, prime space is letting at over £600 per square metre), to the point where it is having a negative impact on the ability of small businesses to grow and remain in the borough. Consequently, the council took the decision that it would create the space needed for entrepreneurs and small businesses and protect them against rising rents and commercial displacement, through its affordable workspace strategy. Through the planning process, the council negotiates with developers to provide affordable office space at a peppercorn rent for a minimum of 10 years and potentially in perpetuity. The provision of these spaces is secured through Section 106 agreements. The council then appoints an affordable workspace provider to manage these spaces and deliver a series of well-defined social value outputs, instead of paying rent. The council has drawn up a pioneering social value framework that calculates and assigns value to a range of commitments and activities that providers must fulfil, with the social value created negotiated on a case by case basis.

The first affordable workspace was secured in 2019 after the council successfully bid for match-funding from the Mayor of London's Growth Fund to secure a 10-year lease on a private property on Fonthill Road in Finsbury Park (one of the most deprived wards in the borough).



The council entered into a close partnership with the worker-owned co-operative digital agency Outlandish to support the creation of a coworking and events space on the first floor. Named Space4, the shared workspace supports digital and tech start-ups on ‘a pay what you can’ basis, as well as freelancers, small businesses and co-operatives in the borough. The idea is that the start-ups are given support to grow and become independent, with the aim that they are eventually able to move to larger premises of their own and make space for new businesses.

Space4 is expected to deliver services and social value outcomes of equal or greater value than the level of rent that would ordinarily be charged on a space of this type. This includes activities to support women back into work, as well as engaging with minoritised communities, residents with disabilities, ex-offenders and young people not in education, employment or training (NEETs) in the local area. At least 75 per cent of beneficiaries must be Islington residents. Other commitments cover training opportunities, outreach work with schools and colleges, engaging with businesses, voluntary and community sector organisations, and promoting environmentally sustainable practices.

**“Rising prices mean even co-working spaces are out of the reach of many small organisations and start-ups. Space4 builds on the co-operative model to keep costs low and make workspace affordable. It’s about trying to build a reciprocal community.”**

**Manager, Space4**

**“Islington is the only council that offers a peppercorn rent, as it’s the only way to achieve social value.”**

**Councillor, Islington Council**

While a number of local authorities also have affordable workspace policies, the rental value on affordable floorspace is generally capped at 50–80 per cent of the market rate. However, Islington Council recognises that rents of up to 80 per cent of market value will not always be affordable to micro and small businesses in the borough and argues that only by offering peppercorn rents can significant social value be created.

### **What does social value mean to private sector developers?**

Private sector developers may encounter social value requirements through their interactions with local authorities. For most development, local authorities may drive social value in planning mechanisms such as Section 106 agreements, or within planning conditions and procurement processes. Consequently, private sector companies are under increasing pressure to identify how their business activities can best benefit the communities in which they work. There are also clear business incentives for developers to look at how social value may be included in their regeneration strategies, e.g. facilitating planning approvals and an enhanced business reputation. At the same time, investors are increasingly pushing for greater social and sustainable impact in their investments.

Some developers are making a stronger commitment to enhance the social value and sustainability they deliver through their property assets and are considering their social value responsibilities more intentionally. For instance, several interviewees spoke about the need to work with local communities to identify the social need for investment in a specific site or shopping centre and then to measure that impact to make sure that they are achieving what they set out to achieve.

A few real estate investment companies are achieving B Corp certification<sup>42</sup> as a way to better assess their social and environmental impact and so improve practices. Being a B Corporation means the company is driven by a healthy balance between profit and purpose; it wants to use its business as a force for good by making impactful social and environmental change for the communities where it works.

However, it is also clear that measuring, monitoring and quantifying social value can vary from business to business, as there are few industry standards for social value and the available tools for putting principle into practice are still in their infancy. This was raised by several interviewees, who referred to the National TOMS Framework (which comprises 35 measures to capture social value) and other measurement tools being created by local authorities<sup>43</sup> and the third sector, some of which the property sector is beginning to adopt. Ellandi is particularly interested in Newham's Community Wealth Building Pledge and is currently looking at how it can incorporate some of the principles and measures into its own social value framework.<sup>44</sup>

42 See <https://bcorporation.net>

43 For example, the Greater Manchester Social Value Measurement Framework. See <https://gmsvn.org.uk>

44 Newham Council's Community Wealth Building Pledge is part of a new accreditation system requiring organisations to demonstrate their commitment to building long-term prosperity, wellbeing and fairness for local residents in the borough.



**“We’re looking at creating our own social value kind of framework. At the moment there is no industry-wide mechanism for valuing that; we’re not trying to turn social value into financial value. That’s not what we’re trying to achieve.”**

**Director, Ellandi**

One of the challenges is that the measurement tools and frameworks are focused on defining social value in terms of the economic value brought to communities, or the value of things donated, e.g. the price of renting a community space given to a local community group for free. The risk with this is that only the activity is measured, not the outcome, like the value to someone who attends a job skills workshop at the community space. There has to be a mix of qualitative and quantitative evaluation approaches and not just a financial sum.

### **2.7 Approach 5:**

#### **Developing a ‘community as curator’ approach**

Ensuring that high streets and town centres are relevant to local communities requires careful curation and management. One way to do this is through giving local communities a significant say in determining the mix of users and uses within a development, helping to ensure it meets their needs.

The idea that communities have a right to shape their future has taken root in recent years. People have had greater powers in the planning process thanks to the Localism Act (2011), which introduced a range of new initiatives to give residents a meaningful role in local development, including community right to build orders enabling local communities to undertake small-scale, site-specific community-led developments. Similarly, neighbourhood plans allow local residents to set the framework for how their area changes. Yet planning and development are complex and often lengthy, meaning that most residents still experience more traditional and formal consultation on planning applications. Resident consultations tend to come at the end of the planning process and focus on giving residents a ‘yes or no’ say to a specific proposal, rather than an ongoing discussion about how a neighbourhood or town centre may change.

For developers too, community engagement can be viewed as a planning risk to be mitigated, rather than as part of a genuine effort to involve local people in decision-making. An interviewee even went as far as saying that that the property industry is “so bad at community consultation”. However, it is also evident that private developers and local authorities are becoming increasingly aware of the need to better engage local people. As one respondent put it, “drawing some nice plans and putting them in an empty shop and calling that consultation” is not sufficient. Private developers are having to employ more modern consultation methods such as design exhibitions, digital displays, community events inside shopping centres, walking tours and outreach activities with local schools and community groups.

**“We have direct relationships with a lot of strong community partners, whether that’s a university, council, local charities or housing associations. But something we’re thinking about is how you can get a representative voice that can ultimately help us understand better what people want, what the challenges and opportunities are. And even more importantly, when you’re trying to introduce more of those types of businesses in this environment, having those relationships is important. Community businesses as well, is an opportunity to think about that’s interesting.”**

**Research manager, LGIM**



### **Bywater Properties**

Bywater Properties is a property investment and development company. It focuses on delivering specific projects in a small number of cities in England, Scotland and Northern Ireland, where it feels it can make a positive sustainable impact. One such project is Smithfield Yard in Belfast. It is a major mixed-use city centre regeneration site, which will see the development of contemporary office spaces, retail units and small entrepreneurial and SME workspaces. Part of the site includes Victorian terraces and a conscious decision was taken during the planning process to retain and re-imagine the use of these terraces, with the ground floor units refurbished for independent retailers and a mix of studios or 'maker spaces' for start-ups and community enterprise.

Prior to securing planning approval, public consultation sought views on the broad principles of the scheme. However, given the scale of the development, and the considerable number of years it will take to both fund and deliver, Bywater was keen to ensure that the initial consultation process was not seen as a discrete exercise and that a good level of community stakeholder engagement was maintained. To this end, it has set up a separate place-making group, under the working title 'Building Blocks'. This group will act as a critical friend during the lifetime of the scheme to help shape the range of uses, alongside the office spaces, and share ambitions for the city as a whole.

The group is autonomous and includes individuals who live and work in, or commute to, Belfast – business entrepreneurs, small business owners, representatives from social enterprise and leaders of the public arts and culture sector. The group currently meets on a quarterly basis and discusses all aspects of the future for the refurbished terraced shops and new street-facing units within the development. They might be consulted on specific aspects of development, such as whether there is merit in converting some of the upper parts of the heritage buildings into flats and the consequent retail mix on the ground floor to support city-centre living and a mixed economy. Crucially, the group will test ideas on the retail and tenant mix of the development, determining not only the mix of uses, but also the range of leases and the 'blend of terms' (shorter leases, reduced rents for community enterprise etc.) that should be used to help ensure the right mix for the community and the wider city.

Given the long project life of the Smithfield development, the make-up of the group might change over time. However, the intention is to always try to have representatives from a broad cross-section of interest groups and stakeholders, including the voluntary and community sectors. The director of Bywater did highlight the challenges of engaging with a diverse cross-section of local opinion and the danger of "ending up with only a few of the loudest voices". It is perhaps here where local authorities can play a role in supporting developers to make connections with groups who are harder to reach.



It is also important that private developers engage local people as early as possible in the planning process, although the extent to which this is achieved appears to be patchy across the sector. Residents must be involved from the outset so that plans can be tailored in response to feedback, or even co-produced with regular communication over the course of the project. If possible, local knowledge can also be brought to bear in a scheme's design. The example of Bywater Properties, a property investment and development company, goes some way towards establishing a community-as-curator approach, whereby local people manage, or have a significant say in, the mix of occupiers in a development or on their high street.

The Centre for London has produced a public planning manifesto which sets out what the next Mayor of London can do to strengthen public engagement in planning.<sup>45</sup> Of the five recommendations, one would create incentives by developing and launching an accreditation scheme for planners and private sector developers that sets standards and recognises and rewards good public and community engagement, similar to the Mayor of London's Good Work Standard<sup>46</sup>. Establishing benchmarks for good public and community engagement in planning will promote best practice, provide an incentive for developers to deliver – and fund – good community engagement and support for long-term stewardship. The manifesto also recommends setting up a scorecard to help (London's) councillors assess the quality of community engagement in applications presented at planning committees. This would help rebuild trust between local communities, local authorities and developers through greater openness, while supporting good and transparent decision-making.

45 Harding, C and Quarshie, N (2021). Public Planning – a manifesto for London. Centre for London. Available at: <https://www.centreforlondon.org/publication/public-planning-manifesto/>

46 See <https://www.london.gov.uk/what-we-do/business-and-economy/supporting-business/good-work-standard-gws-0/how-achieve-good-work-standard>

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## 3. Conclusion

Even before the COVID-19 pandemic, high streets and town centres faced many challenges. The pandemic has acted as a ‘catalyst for change’, accelerating many of the changes that have been impacting the retail sector for a while and it is unlikely that we will be going back to the ‘old normal’ in terms of our shopping and socialising. Yet high streets are more than just retail spaces; they play an important role in the civic and community life of the neighbourhoods they serve and there are increasing calls for high streets to be re-imagined in a more sustainable, inclusive and community-driven way.

This report has considered the role of private sector developers and landowners in supporting greater community involvement in our high streets and town centres. Encouragingly, their views suggest there is an emerging conversation about the way private landowners and developers can develop more community-oriented models within their property portfolios. Private property investors such as Legal & General, Ellandi and New River REIT are taking a more active role in how they create places that are relevant to communities, looking to use their retail and shopping centre spaces differently to support a more vibrant mix of uses and tenants and, in doing so, ensure that the high street continues to succeed and remain relevant. In turn, this will help ensure the long-term security of the investments that these private companies and landowners are ultimately responsible for.

From the interviews and case studies, we have identified several ways in which private sector developers are taking a deliberately focused approach, centred around repurposing retail space and creating opportunities to introduce new uses that meet community needs. This will help support the local economy and create opportunities for greater community involvement in the provision of social and community facilities on the high street. These include:

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**Community hubs in shopping centres** – repurposing space to provide facilities that meet community needs. Consciously involving community businesses in reimagining shopping centre spaces would help ensure a more diverse mix of uses to meet community needs while attracting a wider range of visitors to both the shopping centre and community hub.

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**Meanwhile use of space** – while this should not be viewed as a remedy to vacant space in itself, it can be an effective entry point for community businesses and a useful stepping-stone on the journey towards securing permanent premises.

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**Providing subsidised or free workspace and business enterprise support** – proactively creating space in empty retail units to support local enterprise and coworking – like Barclays Eagle Labs and TownSq – which enables the community to come together, access a host of supporting services and facilitate high-quality local start-ups. Successful businesses can then move on to trade independently from their own premises on the high street, which can contribute to the wider health and sustainability of the town centre.

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**Introducing more flexible, turnover-based leases** – this is a crucial step towards providing a degree of choice to tenants in how they want to partner with private landlords. For community businesses, social and other start-up enterprises, the greater flexibility will enable them to adapt, steadily grow their activities and ultimately achieve long-term sustainability. Challenges in securing commercial tenants for properties can also lead landlords or local authority asset managers to be more flexible in their approach to rents and lease terms, such as offering social value leases.

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**Greater collaboration and partnership working** – only by working together and forming partnerships across public and private sectors, sharing expertise and resources, can the longer-term vision for a viable civic high street be achieved.

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## 4. Guiding principles and recommendations

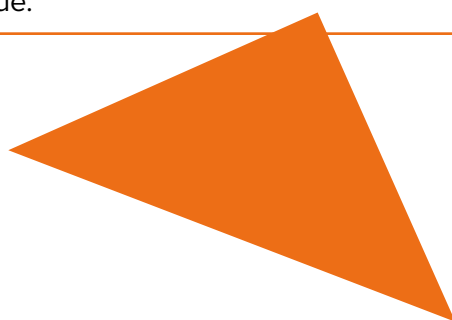
In this section we outline three guiding principles for private sector developers wishing to support the involvement of communities and community businesses within their developments and property portfolios. We also outline one principle for community businesses looking to work more closely with both private developers and local authority partners on the high street.

### Guiding principles for private sector developers

#### **Ensure access to high street locations and vacant retail spaces.**

Private property owners and developers can support community organisations to take on under-used and empty spaces, while also helping to ensure that community organisations have the ability to sustain activity in these vacant spaces. They can:

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1. Better connect community businesses and organisations with suitable empty properties on the high street and vacant retail units in shopping centres. For example, shopping centre managers could be responsible for identifying and engaging with community businesses in the local area, to support community-led activity in their shopping centres. Local authorities can also play a critical brokerage role in connecting community organisations with vacant high street properties where there are private landlords and developers willing to engage.
  2. Offer free or subsidised coworking and incubator spaces to emerging community businesses and local start-ups in empty high street units.
  3. Provide leases which offer flexibility – starting at a low rental level and scaling up gradually, giving community business the space to grow and become financially sustainable. Private property owners and developers can also consider offering social value leases.
  4. Consider earmarking or ‘insulating’ some units from a development for locally managed, community-valued uses. This would provide an opportunity to think innovatively and plan long-term for the uses that will generate the most community value.
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**Support the meanwhile use of space to encourage community businesses to establish and grow.**

The meanwhile use of space is an important recognition of the potential for community organisations to step in where other stakeholders have left the high street, but they also need to be given more resources and support to help sustain their activity.

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5. Develop a programme of support for meanwhile users – both existing meanwhile tenants and potential occupiers – which recognises their potential to revitalise vacant space and the need to support them in securing longer-term and permanent premises to ensure they can continue to serve their local purpose.
  6. Establish ‘meanwhile use champions’, possibly within the shopping centre management team, who would be the contact for potential community occupiers and would help match premises with proposed activity.
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**Build effective, clear and collaborative long-term relationships with local authorities and local communities.**

Reimagining retail spaces as mixed-use destinations fit for a variety of community users can help them become resilient and sustainable. As developers, owners and managers of real estate, the best way for the private property sector to ensure that space is fit-for-purpose is to talk and listen to the local community that will be using it. Communities need to be engaged early and involved throughout the decision-making process.

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7. Actively identify and engage with local community businesses and organisations to support and increase their involvement in local decision-making. This will help to widen participation in the consultation process, because community businesses are locally rooted and closely connected to the communities they serve.
  8. Actively support neighbourhood plans aimed at revitalising high streets, as well as advocating for greater community influence in the governance of business improvement districts (BIDs) and neighbourhood planning forums, or through new models such as community improvement districts. Community organisations can play an effective mediating role between local residents, the local authority and business groups like BIDs, helping to ensure that communities play a meaningful role in shaping local priorities.
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## A high street revolution

### 4. Guiding principles and recommendations

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9. Facilitate the sharing of emerging best practice between private sector developers and public sector partners, showcasing their responses and adaptations to the challenges on the high street. Begins the process of mainstreaming those innovations.
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10. Introduce and strengthen organisation-wide training on good community engagement and social value outcomes. This could include supporting and participating in an independent accreditation scheme for planners and private sector developers that sets standards and recognises and rewards good community engagement (as advocated by the Centre for London public planning manifesto for London).<sup>47</sup>
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### Guiding principle for community businesses

#### Prepare for opportunities.

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11. Build and maintain personal relationships with local authorities and statutory agencies, helping relate their activities to the priorities and core objectives of their local stakeholders.
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12. Ensure they are able to articulate and demonstrate both the social and economic value they can bring to the high street and wider locality. In particular, community businesses can add significant value in those areas where the council has reduced expenditure or service provision and where developers wish to introduce alternative non-retail occupiers to meet a community's needs.
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13. Ensure they can demonstrate that they are credible partners with sufficient compliant legal, governance and financial arrangements to take on a space or asset, including a robust and commercially viable business plan.
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47 Harding, C and Quarshie, N (2021). Public Planning – a manifesto for London. Centre for London. Available at: <https://www.centreforlondon.org/publication/public-planning-manifesto/>

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