

London Assembly Economy, Culture and Skills Committee

Call for Evidence: London's High Streets

Response from: BusinessLDN, One Oliver's Yard, 55-71 City Road, London EC1Y 1HQ

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Date submitted: November 2024

Introduction

1. BusinessLDN is a business membership organisation with the mission to make London the best city in the world to do business, working with and for the whole UK. BusinessLDN works with the support of the capital's major businesses in key sectors and we welcome the opportunity to respond to the London Assembly on the state of London's high streets and the challenges they face.
2. We have only responded to the questions that are directly relevant to us.

How have recent economic shocks, such as the COVID-19 pandemic, rising inflation, and cost-of-living pressures, impacted London's high streets?

3. The pandemic marked a massive shift in consumer behaviour leading to accelerated changes in the market for commercial space. Retail was considerably impacted; central London footfall fell by 80% during the initial national lockdown¹ and whilst this impact reduced in subsequent lockdowns as retailers and consumers became better prepared, footfall failed to achieve the levels seen in 2019. Subdued retail performance has been the hallmark for 2024 and set against a challenging macro-economic environment, consumers continue to remain cautious about their spending.²

What do you see as the main future challenges for high streets in London, and how can these be addressed?

4. There are a number of key challenges that will impact the high street into the future, which are outlined below.

Competition from online retail

5. Before the pandemic, online shopping was on an upward trend, but this massively increased during the lockdowns. In 2019, the online spend as a share of total retail sales for London, was 34% but rose sharply to 47% in 2020.³ Online sales have since remained high indicating that people are increasingly more comfortable purchasing their goods via the internet. The resulting effect is a lack of footfall which is impacting businesses on the high street.

¹ Demand for commercial property in London: What does the future hold? London First and CBRE, February 2022

² UK Real Estate Market Outlook, CBRE, 2024

³ Three years on from lockdown: has the pandemic changed the way we shop?, Centre for Cities, 2023

6. To counter this, retailers need to offer an omnichannel experience, merging the online experience with the physical store. This requires retailers to be agile in their offering, allowing shoppers to do online orders and subsequent returns in store on the same day blending the convenience of online shopping with the experience of in store experience.

Excess empty retail units

7. Empty units can create a poor environment, which can lead to further footfall decline and more vacant shops. The cumulative impact is loss of vibrancy, people choosing not to visit, and investment being shifted away from these areas.
8. Retailers need to be adaptable to the market and changing consumer behaviour. Whilst people may not choose to shop in physical stores, the experience of visiting a high street, meeting friends and eating out are still important. High streets must leverage their strengths over online platforms and repurpose their empty space to offer a mix of socialising, dining and shopping experiences.

Limited public finances for improvements

9. Public realm improvements, keeping streets clean and safe, and an attractive retail offer, amongst other things, are critical to ensuring that high streets remain places where people want to visit. However, with London boroughs facing a funding shortfall of £700m for the forthcoming year⁴, primarily due to costs of providing temporary accommodation, resource is increasingly being diverted away from their high streets.
10. In the face of limited public finances, public private partnerships are a valuable tool in helping to provide support. Business Improvement Districts (BIDs) are a prime example of where funds can be raised to support the local area working with businesses and the local authority. The money raised by BIDs is ring-fenced and can be used for a variety of purposes including street cleansing, public realm improvements and shaping the overall vision of that area.

Decarbonisation of existing stock

11. With 33% of London's carbon emissions coming from industrial and commercial space, there is a growing need to address the energy performance of these buildings.⁵ CBRE estimates that by the end of 2027, of the 15.9 million sq ft of commercial space returning to the market after their leases have expired, only 9% will have an EPC of B or higher, leaving 91% in need of energy efficiency improvements.⁶
12. If London is to achieve the Mayor's target of becoming Net Zero by 2030, businesses must act. However, many may not have the capacity, understanding or expertise needed to improve the energy efficiency of their buildings. Through partnerships, BIDs can again play an important role here. They can partner on Government programs such as the Mayor's Business Climate Challenge to help businesses reduce their carbon output or use their own net zero strategies, identifying the key challenges in their locality and helping their businesses achieve a smooth transition to greater energy efficiency through action plans, support toolkits and steering groups.

⁴ London Councils, October 2024

⁵ *Place Commission*, BusinessLDN, May 2023.

⁶ *What does the future hold for Central London's Office supply?*, CBRE, January 2024.

How effective has the support from the Mayor of London, local authorities, and central government been in helping high streets recover and adapt?

13. A range of Government initiatives including the 'Eat out to help out' and pavement licensing schemes have helped to drive footfall back onto the high street. The licensing scheme, initially only a temporary measure, allowed hospitality businesses to trade whilst also complying with the restrictions. The scheme was effective in driving footfall to venues and supported businesses in extending their activities. Its success amongst businesses and consumers resulted in its permanent implementation in March of this year.
14. Transport for London (TfL) received close to £5bn in Government support to guarantee services in an environment of low ridership. This was effective in ensuring that TfL helped drive footfall into London from visitors and workers ensuring high streets were able to benefit from both. However, to enable London to plan its transport investments with certainty, Government must now commit to a multi-year capital funding deal for TfL.
15. The 'Lets do London' initiative launched by the Mayor in May 2021 was a significant domestic tourism campaign in London. Through a curated programme of events, the campaign was hugely successful in attracting 330,000 additional visitors to London, contributing £81m to the economy and supporting 700 businesses.⁷
16. Lastly the High Streets for All initiative established by the Mayor's London Recovery Board during the pandemic heralded a number of successes including piloting new partnership models such as Community Improvements Districts, ensuring a safe and welcoming nighttime economy and using local research to understand the gaps in high street provision including the requirement for flexible and affordable workspace.

How can local authorities and the Mayor ensure that high street regeneration is inclusive, and can you give any successful examples of this?

17. Given the limited public resources available, strategic partnerships between the public and private sectors are critical. Understanding a local area and the needs of its community requires research, data and effective engagement at the local level. BIDs are adept at engaging with their local communities and working with their businesses, local partners and residents, to deliver projects and activities which are in tune with the needs of the community and geography within which they are located.
18. The award-winning Strand Aldwych project is a good example of inclusive regeneration, containing a number of objectives around improving public realm and preserving and showcasing the historical significance of the area. The project ideas were tested through comprehensive stakeholder engagement, design stages were shared via a bespoke website and feedback received helped shape the scheme. Research was commissioned to understand existing audiences and potential gaps, which helped to ensure the project would support the local community. Events like 'September on the Strand', featuring a skatepark and outdoor dining, enabled people to experience the space differently and the local community made up of schools, universities and theatres helped to curate a programme of activities attracting new audiences and collaborations to enliven the space.

⁷ <https://www.london.gov.uk/programmes-strategies/arts-and-culture/lets-do-london>