Appendix A – Trends Review

Introduction

1.1 In reading the below review, it should be noted that the retail and leisure sectors are dynamic and, whilst online shopping has impacted on the retail sector, new retailers and new formats continue to evolve to meet shoppers' needs. The below commentary should therefore be taken as a 'snapshot' in respect of current market conditions; it will be necessary to judge future development proposals for main town centre uses with reference to the prevailing conditions at the time of a proposal's determination. This is particularly the case given the current commercial circumstances arising from the COVID-19 pandemic, and the impact of the lockdown measures on our high streets and operators (both local and nationally). We reflect on this in more detail below.

The Current State of the UK Economy

1.2 The UK economy slowed over the past 12 months, with continued Brexit uncertainty and a weaker global economy. This uncertain background caused business investment to decline. Consumer spending also reduced to an 8-year low of 1.2% in 2019, reflecting low-levels of consumer confidence. Retail sales volumes grew by 3% in 2019, the lowest level of growth since 2014.

1.3 However, the outcome of the December 2019 general election has at least removed the immediate political uncertainty and risk of a no-deal Brexit. In February 2020, Experian published the Retail Planner Briefing Note 17 (ERPBN17) which provides comprehensive and up-to-date information on retail developments and short, medium and long term forecasts for retail planning decisions. ERPBN17 identifies the following key economic points:

1.4 The UK economy will remain on a slower growth path for 2020. This is largely due to persistent uncertainty surrounding the Brexit transition period and continued slow growth in the wider global economy. It should be noted that this outlook was made prior to implementation of measures to address the spread of COVID-19.

1.5 The medium/long term outlook for GDP remains unchanged, with growth expected to remain below historic averages due to slower population rises and productivity.

1.6 The overall retail sales projections remain little changed from the previous year, but the medium term outlook for spending on special forms of trading (i.e. internet sales, mail order) has been revised upwards.

1.7 The prospects for retail floorspace has been revised down in line with stronger projections for sales efficiency and internet sales.

1.8 In terms of inflation, Office for National Statistics data[1] indicates that the rate of inflation (as measured by the consumer price index) increased from 0.5% at June 2016 to a high of 3.1% at November 2017, before reducing to 1.7% at February 2020. The increasing cost of living is particularly problematic for the retail sector, as inflation has been principally driven by increasing fuel prices (affecting the cost of electricity, gas and petrol), meaning that consumers have a lesser amount to spend on the high street. As such retail is an industry under significant stress as many retailers find themselves squeezed between rising costs and the increasing volume of sales over the internet.

1.9 In terms of the grocery market, Kantar[2] reports that grocery inflation stands at 0.3% for the 12-week period ending 26 January 2020. The increase in prices is not necessarily good news for the industry as it is reflective of costs increasing, and shoppers have often 'traded down' to buy cheaper substitutes or have undertaken more shopping at discount stores in order to avoid price increases. Indeed Kantar noted that the 'big four' supermarket operators[3] all suffered declines and lost market share compared within January 2019. Conversely both Aldi and Lidl recorded corresponding increases.

1.10 Against this backdrop the impacts of COVID-19 on the wider economy remain to be seen. However, it is widely assumed that economic growth and activity will sharply decline in Q2 of 2020. The long-term impacts of this period are yet to be determined, and as such it is almost impossible to predict with any meaningful certainty what effects short-term business closures and significantly reduced levels of activity will have.

[1] ONS 'Consumer price inflation tables' dataset, February 2020
[2] Article headlined 'A month of moderation for the UK grocery sector', Kantar, 4 February 2020
[3] Asda, Morrisons, Sainsbury's and Tesco

1.11 However, initial analysis of spending figures from the first two weeks of the lockdown demonstrate that there has been a fall in spending, with some areas being hit significantly harder than others[4]. Key points from this analysis show that:

a. Sales at non-grocery retailers has fallen by around 45%, compared to the same week of 2019. Conversely, spending at grocery retailers rose by 16%; and

b. The biggest falls were noted in smaller tourist towns. When grocery spending is discounted, Workington recorded a 74% fall in spending for the week ending 27 April.

1.12 These initial findings of the impact that lockdown has had on spending figures are perhaps not surprising. This is given that during lockdown non-essential, primarily non-grocery retail stores have not been trading and that there was a considerable increase in grocery purchases in February/March 2020[5].

Available Expenditure and the Impact of the Internet

1.13 ERPBN17 identifies the current state of the retail sector in the UK in the above context and provides forecasts in respect of future growth. Page 3 of ERPBN17 provides the following summary of the state of the UK economy at February 2020:

'The UK economy slowed over 2019, with growth sliding to a 7-year low by the end of the year. The period was dominated by heightened Brexit uncertainty and a weaker global economy. Against this backdrop, business investment declined for the second year in a row and exports remained sluggish. Consumer spending also lost momentum, reflecting low confidence and lacklustre incomes growth. The outcome of the December general election has removed near-term political uncertainty and the risk of a no-deal Brexit, empowering the government to push forward with spending pledges and EU withdrawal plans. Latest indicators point to a pick up in business confidence and investment intentions. Housing market surveys suggest activity is rebounding and consumer sentiment has also improved. On the global front, a partial easing in trade disputes and loosening in monetary policy is encouraging. That said, lingering uncertainty over the outcome of the next phase of Brexit negotiations is expected to curb the pace of any investment recovery. We assume an orderly transition to a new deep free trade agreement, but significant risks remain around the process, not least because of the extremely tight timetable. Alongside this, the recovery in consumer spending will remain muted, reflecting modest incomes growth. Against

[4] Tortoise Media, https://members.tortoisemedia.com/2020/04/20/corona-shock/content.html, April 2020
[5] Article headlined 'Britons made 80m extra grocery shops in less than a month', The Guardian, March 2020

this backdrop, GDP growth is set to remain on a slower growth trajectory of 1-1.5% over 2020 and 2021, well below the performance of earlier years.'

1.14 Given the above, Experian forecasts limited increases in per capita convenience and comparison goods expenditure over the short term. The below Table 1.1 provides an extract from Figure 1a and Figure 1b of ERPBN17. The convenience goods sector has been the subject of a reduction in per capita consumer expenditure across much of the past decade (in real terms, after allowing for inflation), with some limited growth only returning from 2015. The market conditions can be attributed to the continued rise of the discount operator subsequent to the recession of 2008 and 2009, and the reaction of the 'big four' supermarket operators to increased competition. Experian forecasts that per capita expenditure growth in the convenience goods sector will increase marginally to 0.0% at 2020 (from -0.4% at 2019), with very limited forecast growth thereafter.

1.15 As Table 1.1 indicates, forecast increases in comparison goods spending are more optimistic, but it is evident that per capita comparison goods expenditure increases will be below the level apparent at the turn of the millennium. Experian identifies that per capita comparison goods expenditure growth dropped from 5.5% at 2017 to 2.8% at 2018, and forecasts that it will remain between 2.6% and 3.3% per annum across the next decade and beyond. By way of comparison, Figure 1a of ERPBN17 indicates that per capita expenditure growth was, on average, 8.2% per annum between 1997 and 2007.

Table 1.1: Experian's Identified and Forecast Convenience and Comparison Goods Per Capita Expenditure Growth

Volume Growth Per Head (%)	2015	2016	2017	2018	2019	2020	2021	2022-2026	2027-2040
Convenience goods	-2.2	3.3	1.9	1.0	-0.4	0.0	0.5	0.1	0.1
Comparison goods	5.7	4.8	5.4	3.4	3.9	3.0	3.2	3.2	3.0

Source: Figure 1a and Figure 1b of Experian Retail Planner Briefing Note 17

1.16 Whilst the above figures relate to a level of growth which is significantly below that which has historically been available to retailers, the situation is exacerbated through the increasing amount of expenditure which is committed through special forms of trading[6] and, in particular, online.

[6] Including internet sales, mail order, stalls and markets, door-to-door and telephone sales

1.17 In this regard, Appendix 3 of the ERPBN17 indicates that a strong increase in online shopping over the past decade has lifted the share of special forms of trading to a level where it now accounts for around 20% of total retail sales (with the internet alone accounting for a little over 18% of total retail sales in 2019). Experian forecasts that non-store retailing will continue to grow rapidly, increasing at a faster pace than total retail sales well into the long term. Experian believes that special forms of trading will account for almost 26% of retail sales by 2025, increasing to around 30% by 2030. Beyond 2030 Experian forecasts more moderate growth in special forms of trading, reaching around 32% of total retail sales by 2040.

1.18 The below Table 1.2 sets out Experian's identified and forecast level of special forms of trading as a proportion of overall convenience and comparison goods expenditure. Experian estimates that special forms of trading will account for around a third of comparison goods expenditure and around a fifth of convenience goods expenditure at 2037.

Table 1.2: Experian's Identified and Forecast Market Share of Non-Retail Sales for Convenience and Comparison Goods Sectors

Volume Growth Per Head (%)	2016	2017	2018	2019	2020	2025	2030	2035
Convenience goods	10.0	11.6	12.8	14.0	14.9	19.2	21.2	22.3
Comparison goods	18.5	20.8	22.3	23.4	24.5	29.3	32.3	33.9

Source: Figure 5 of Experian Retail Planner Briefing Note 17

1.19 The ongoing popularity of internet shopping continues to have clear implications in respect of the viability of some 'bricks and mortar' retailers. However, it is important to note that changes in how people shop also bring about opportunities for retailers trading from the high street. In particular, many stores sell online but fulfil orders from regular stores rather than warehouses[7], with purchases therefore helping to sustain tangible retail floorspace. As a consequence, Experian also provides an 'adjusted' estimate of special forms of trading, which relates to expenditure which is not available to actual stores.

1.20 One way in which online expenditure can help sustain bricks and mortar retailers is through the use of the internet to 'click and collect', with purchases being picked up at a dedicated counter within a

[7] This is particularly the case with food shopping and speciality comparison goods purchases, where retailers often try to tap into a wider market through an online presence

store. In addition, it is evident that some retailers (particularly those offering big ticket items) are benefitting from having a bricks and mortar presence which can be used as a 'showroom' in order to view and try goods, with some purchases then being made later online. Retailers are also more frequently providing in-store wi-fi and 'technology points', which can allow shoppers to browse a wider product range than is carried in-store. Accordingly, whilst new technology provides significant challenges to bricks and mortar operators, it also provides opportunities for more progressive operators that are able to invest in new technology.

Convenience Goods

1.21 Recent socio-economic conditions have led to significant shifts in convenience goods retailing, which have resulted in the 'big four' supermarket operators' market share being cut. Mintel[8] finds that the decline of the food superstore is well established and that this can be attributed to two issues.

1.22 Firstly, people are undertaking food shopping in different ways. More people are living in town and city centres and more people are having difficulties financing the purchase of their own home. Mintel indicates that such people are more likely to undertake food shopping on a 'as needs' basis and are more likely to eat out or use takeaways. As such, they are less likely to have need to undertake a 'main food shop'.

1.23 Secondly, the current uncertainty in the economy has made hard discounters (namely Aldi and Lidl) a more attractive proposition and are particularly thriving given that shoppers are currently having to be 'money savvy'. Discounters have also made efforts to try to compete more directly with the 'big four' supermarket operators, with larger stores, greater ranges, fresh foods and premium products becoming increasingly prevalent. When analysing the performance of Aldi, Retail Economics[9] notes that it has **'attacked the heartland of UK grocery'** by undercutting the 'big four' with highly competitive prices and investing in more high quality premium produce. In a similar way, Lidl has also adopted an aggressive growth programme relating to its pricing, produce offer and store openings since 2013.

1.24 The move towards the middle ground has allowed discounters to secure market share from both superstores and smaller convenience stores. In addition, we note that discount retailers are often

[8] 'UK Retail Rankings', Mintel, April 2018
[9] 'UK Food and Grocery', Retail Economics, September 2015

happy to trade alongside more upmarket convenience goods retailers (such as Marks & Spencer Foodhall) as, collectively, the two stores can meet many food shopping needs.

1.25 The shifts in the sector are illustrated with reference to changes in retailers' market share in recent years. As Table 1.3 sets out, the market share of each of the 'big four' has been consistently eroded in recent years, with Tesco and Morrisons being the subject of the largest percentage point losses. Tesco's market share of the UK grocery market has reduced from 23.7% at 2011 to 21.6% at 2016, and Morrisons' market share reduced from 9.5% to 7.7% over the same timeframe. The greatest beneficiaries have been Aldi and Lidl, with the former's market share more than doubling from 1.9% at 2011 to 5.3% at 2016. Lidl's market share increased from 1.9% to 2.7% over the same period.

Table 1.3: Market Share of Principal UK Grocers

	2011	2012	2013	2014	2015	2016
Tesco	23.7%	23.9%	23.0%	22.5%	22.0%	21.6%
Sainsbury's	12.8%	13.1%	12.9%	12.8%	12.2%	11.9%
Asda	12.5%	13.3%	13.0%	13.0%	12.0%	11.5%
Morrisons	9.5%	9.3%	8.9%	8.2%	7.9%	7.7%
Aldi	1.9%	2.6%	3.3%	4.2%	4.8%	5.3%
Co-operative Food	5.5%	5.4%	5.1%	4.9%	4.8%	4.7%
Waitrose	3.5%	3.6%	3.7%	3.9%	3.9%	3.9%
Marks & Spencer	3.6%	3.7%	3.7%	3.8%	3.9%	3.9%
Lidl	1.9%	2.0%	2.0%	2.2%	2.4%	2.7%
Iceland	1.8%	1.9%	1.9%	1.9%	1.8%	1.8%

Source: UK Food & Grocery Retailer Update, October 2016

1.26 As a consequence of the above, the 'big four' grocers have closed some of their loss-making stores and larger stores have accommodated further concessions in order to take floorspace which is no longer required for the operators' main product range. By way of example, Sainsbury's is progressing with plans[10] to open around 250 Argos within Sainsbury's foodstores. Other food superstores have welcomed additional concessions (including day to day services, such as dry cleaning and key cutting).

1.27 Discount operators continue to be generally optimistic in respect of their future growth. Aldi announced ambitious expansion plans in 2017, with an aspiration to trade from around 1,300 stores by 2022[11]; a significant increase given it currently trades from 700 stores. Similarly, Lidl announced last year that its intention is to open at least one shop a week in forthcoming years[12].

[10] Article headlined 'Sainsbury's pushes ahead with Argos rollout in supermarkets', BBC News online, 13 April 2017
[11] Article headlined 'Aldi plans to open up to eight stores in some UK towns', The Guardian, 12 May 2017
[12] Article headlined 'Lidl to add 60 new shops a year in ambitious £1.5bn UK expansion plan, The Telegraph, 8 July 2017

1.28 Although one of the more established operators has sought to take on the discounter market with their own operation, namely Tesco with Jack's which opened in its first store in September 2018, this has yet to expand beyond a dozen stores.

Comparison Goods

1.29 The comparison goods sector is currently being squeezed by a number of factors, including reduced expenditure growth, the ability of internet shopping to plug gaps in retailer representation, increases in the minimum wage, and business rates changes. This 'perfect storm' has resulted in changes in the structure of retailing on the UK high street and a generally lesser reliance on comparison goods retail. To underscore this, Deloitte reported that 2018 saw the greatest number of retail store closures and job losses since the recession of 2008-2009, with the Centre for Retail Research reporting that 143,100 retail jobs were lost in 2019[13].

1.30 Whilst the sector is continually evolving and there are a number of ongoing success stories (including Primark, Zara, Jack Wills, Joules and Hotel Chocolat), recent headlines have focussed on failing retailers and store closures. High profile retailers that have struggled include:

a. Mothercare ceased trading in November 2019 with the closure of 79 stores[14]

b. Bonmarche, which went into administration in October 2019, with the closure of 318 stores[15]

c. Karen Millen and Coast announced in August 2019 that all 32 standalone and 177 concessions stores were to close[16]

d. New Look, Debenhams, Marks & Spencer and House of Fraser have been closing a number of stores

e. Arcadia Group stores, including Topshop, Topman and Dorothy Perkins, announced the closure of 12 stores in January 2020[17]

f. Laura Ashley went into administration in March 2020, resulting in the closure of 150 stores[18]

[13] Article headlined 'High street's survival under threat as lockdown hits stores', The Guardian, 29 March 2020
[14] Article headlined 'Mothercare to cease all UK trading with loss of 2,800 jobs', The Guardian, 5 November 2019
[15] Article headlined 'Fashion chain Bonmarche calls in administrators', The Guardian, 18 October 2019
[16] Article headlined 'Boohoo moves for Karen Millen and Coast but 1,100 jobs at risk, The Guardian, 6 August 2019
[17] Article headlined 'Philip Green's Arcadia closes more stores after tough Christmas', The Guardian, 16 January 2020
[18] Article headlined 'Laura Ashley to file for administration as coronavirus takes toll', The Guardian, 17 March 2020

g. Dixons Carphone announced the closure of 531 stores in March 2020[19]

h. Oasis and Warehouse announced the closure of all their stores with the loss of more than 1,800 jobs in April 2020[20]

i. In April 2020 Debenhams appointed administrators and announced the closure of 7 stores, with the loss of 400 jobs[21].

1.31 Indeed Intu Properties, one of Britain's biggest shopping centre owners, has similarly announced that it will breach the terms on its debt commitments following a collapse in the rents received from its retail tenants[22].

1.32 Whilst the loss of the some of the above names will have significant repercussions for certain towns (particularly those that lose Marks & Spencer and House of Fraser from their high street in very quick succession), it is evident that a number of struggling retailers have failed to 'move with the times' and update both their offer and accommodation.

1.33 This is partly a consequence of retailers struggling to reinvest in their business when margins are tight (or non-existent). In this regard, there has been particular issue in respect of the 'polarisation' of shopping habits, whereby shoppers have increasingly been prepared to travel to access a greater choice of shops and services, effectively visiting centres for the day as a leisure activity. Consequently, larger retail venues (with a sub-regional or regional role) have tended to perform relatively well, but smaller centres (particularly those located in satellite towns around major centres) have struggled. The performance of smaller towns has been particularly affected by the last recession and by internet shopping, which has resulted in some retailers believing that they can cover the UK with a lesser number of stores. It is also evident that certain retailers – including Marks & Spencer, Next and retailers within the Arcadia Group – are prepared to close town centre stores and instead trade out of centre.

1.34 Whilst such structural changes have had a material impact on the vitality and viability of many UK high streets, there are some beneficiaries. In particular, household discount operators, such as B&M Bargains, Poundland and Wilko, have reoccupied a number of medium to large retail units. However,

[19] Article headlined 'Dixons Carphone to close 531 stores, with loss of 2,900 jobs', The Guardian, 17 March 2020
[20] Article headlined 'Oasis and Warehouse to close permanently, with loss of 1,800 jobs', The Guardian, April 2020
[21] Article headlined 'At least seven Debenhams stores to close with loss of 400 jobs', The Guardian, April 2020
[22] Article headlined 'Intu warns of breach in debt commitments as retail rents collapse', The Guardian, 26 March 2020

as evidenced by the recent failure of Poundworld, there is some evidence that this market may be approaching capacity.

1.35 More encouragingly, the availability of high street units appears to have helped stoke an entrepreneurial spirit, with a number of centres beginning to benefit from a greater focus on independent retailers and also modern markets, which are frequently focussed around food and drink operators.

1.36 It remains to be seen what long-term impacts will eventuate from retail closures resulting from COVID-19 containment measures. However, prior the implementation of these measures trading conditions for retailers were challenging and many retailers were struggling to meet costs, including rents, resulting in a larger number of retailers restructuring or entering administration.

1.37 Furthermore, John Lewis has warned that some stores may not reopen after the period of lockdown is ended. This may also result in job losses at Waitrose[23]. Similarly, Next has warned that it expects sales to fall 'faster and steeper' than expected as a result of the pandemic[24]. Although it is helpful to note that as of April 2020 a number of retailers, including B&Q and Homebase, have begun to reopen stores with a number of safety measures and non-essential shops have since begun to from June. Nevertheless, it remains to be seen what longer terms impacts may eventuate from COVID-19 containment measures.

1.38 The Institute of Place Management (IPM) has produced a new strategy with the intention of aiding the High Street recover from the pandemic. The Framework seeks to assist local authorities and policy makers support towns and cities through the pandemic, ensuring that as many possible businesses and consumers return to the high street. It is also aimed at helping residents consider what type of centre they want to emerge from this period.

1.39 The framework consists of four stages designed to help towns and cities to recover after the pandemic:

a. **Crisis:** Immediate actions to be done now and in the foreseeable future;

[23] Article headlined 'Some John Lewis stores may not reopen after lockdown, admits boss', The Guardian, April 2020
[24] Article headlined 'Next warns sales will fall 'faster and steeper' than expected in pandemic, The Guardian, April 2020

b. **Pre-recovery:** As well as dealing with the current crisis, place managers and leaders start planning for recovery;

c. **Recovery:** How the IPM will support high streets and town centres in attracting visitors back; and

d. **Transformation:** The conscious attempt to improve high streets, towns, cities and commercial areas – to do more than recover but to innovate and address new challenges[25]

1.40 As such, this framework has now been adopted by the High Streets Task Force in order to guide and inform the recovery for impacted towns and cities[26]. The findings confirm that it is vital for town centres and high streets to consider how they will recover and transform following the Coronavirus pandemic.

1.41 To this end, in May 2020 the Department of Housing, Communities and Local Government announced that Business Improvement Districts (BIDs) will receive £6.1 million in funding in response to the Coronavirus pandemic[27]. This funding will assist BIDs to play a crucial role in offering support to affected businesses through offering increased security to protect closed businesses, to provide advice services to local businesses and to consider the impact of the pandemic on local economies. This support follows on from a range of measures that have been previously announced, including £330 billion worth of government backed and guaranteed loans, loans of up to £50,000 for small businesses and offering business rates relief for retail, hospitality and leisure related premises.

1.42 Moving forward, the industry expects that retail will face tough times ahead as digital habits stabilise and consumer behaviour moves toward more instrumental shopping habits. Further, research suggests that credit and liquidity problems caused by Covid-19 are estimated to be five times the scale of the 2007 financial crash. It is likely that when activity returns, the leisure focus, previously seen in national trends, will grow more rapidly as demand for experienced based high-streets, services and retail accelerates.

[25] IPM, MMU 'https://www2.mmu.ac.uk/news-and-events/news/story/12213/', April 2020
[26] High Streets Task Force 'https://highstreetstaskforce.org.uk/latest-news/high-streets-task-force-adopts-new-coronavirus-recovery-framework-for-impacted-towns-and-cities', April 2020
[27] DHCLG 'https://www.gov.uk/government/news/6-1-million-funding-boost-to-help-high-streets-and-town-centres-through-pandemic?utm_source=a2f758f0-99ab-478a-8c67-743c985ef94f&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate', May 2020

Leisure and Food & Drink

1.43 One of the recent high street success stories has been the resurgence of the town centre leisure sector, which has been focussed around new cinemas[28] close to the shopping core and, increasingly, a revived markets provision. Leisure operators have become increasingly prevalent in a number of centres as a means of brining some vacant units back into an active use. Town centre cinema development has successfully underpinned wider mixed-use developments, as food and drink operators are typically keen to locate in close proximity to benefit from spin-off custom.

1.44 The importance of independent food and drink operators and modern markets has been exemplified by the success of the Market House in Altrincham in Greater Manchester, which accommodates six different kitchens, a coffee shop, chocolatier, a wine shop and a bar. The success of Altrincham market has resulted in a resurgence of its town centre as a destination to eat and drink, with many new openings occurring because of the popularity of the market. The confidence in Altrincham as a dining destination has had a beneficial impact on the town's vacancy rate, and also now appears to be helping to attract new retailers to the town. The 'Altrincham model' is beginning to be replicated by other centres, with new or refreshed markets and new food halls being planned in many towns, such as Macclesfield.

1.45 The food and drink sector has also been buoyed in recent years by the success of mid-market national multiples, which expanded quickly across the UK. However, there are signs that the 'bubble has burst' and a number of high profile operators have been in financial difficulty. A number of operators, including Byron, Carluccio's and Jamie's Italian, have entered administration and Chiquitos has announced the closure of 61 out of 80 branches[29]. Given the problems suffered by such operators, the market has become more cautious and mid-market operators are picking new sites carefully as a result. The number of food and drink operators restricting, closing outlets or entering administration suggest that the market has become increasingly over saturated.

1.46 More generally, the gym market continues to perform well, with the Leisure Database Company[30] identifying that there are now more than 7,000 gyms across the UK, with the fitness market having

[28] Which have been delivered in towns such as Bury, Oldham, Preston and Stockport
[29] Article headlined 'Most Chiquito UK restaurants will not reopen after coronavirus lockdown', The Guardian, 26 March 2020
[30] 'State of the UK Fitness Industry Report', Leisure Database Company, May 2018

an estimated value of more than £5bn. The Leisure Database Company suggests that this is a 'golden age of fitness', with around one in every seven Britons having a gym membership.

1.47 Budget gyms are currently particularly popular, with operators such as Pure Gym, the Gym Group and easyGym utilising a format that is based on low costs and high volume. Whilst Pure Gym has become the first operator to reach 200 clubs and to pass the one million members mark[31], the Gym Group is has reported the fastest rate of growth of any operator.

1.48 There are also a number of emerging urban leisure concepts, which are generally supported by larger town centres, including modern 'in centre' bowling alleys (which have tended to have a strong food and drink offer and are pitched at providing an evening out, as much as the family market), indoor climbing centres, and crazy golf. This has given rise to what is known as 'Competitive Socialising', a form of leisure activity which has been increasingly common in recent years in larger centre and has provided a means of diversifying the leisure offer in order to create a more attractive destination and varied centre. 'Competitive Socialising' has been found to provide a boost to the evening economy and to increase footfall, and to provide additional support to other food and drink operators located in the vicinity of such uses[32]. These uses have presented a means to optimise space, particularly larger underutilised spaces, in centres to come back into an active use and are reflective of a trend in people drinking and purchasing less and wanting more experience-based forms of entertainment.

1.49 These concepts help to anchor retail environments and assist centre's in providing differentiation with competing centres. However due to requirements associated with such operators, not least the availability of relatively large spaces, there are physical constraints around the possibility of such operators locating in some centres.

Influential Reports

1.50 The Ministry of Housing, Communities and Local Government and HM Treasury published a Future High Street Fund policy paper on 29 October 2018. It outlined structural changes on high streets, summarised below.

---

[31] Article headlined 'State of Industry Report: UK fitness industry worth £5bn, Well to Do: Global Wellness News', 16 May 2018

[32] https://pdf.euro.savills.co.uk/uk/commercial---other/competitive-socialising-and-emerging-concepts-in-leisure-2019.pdf

a. High streets have been affected by major changes in the past decades, and the speed of this change is increasing. Online shopping in particular has become significantly more popular than it was 10 years ago. Between 2007 and 2018 online sales increased six-fold while growth of in-store sales has lagged behind. In 2000, online retailing accounted for less than 1% of retail sales while in August 2018 almost a fifth of all retail sales took place online.

b. The rise in online retailing has reduced barriers to entry in the retail market. Online retailers are able to offer competitive prices, more choice and greater convenience than many high street competitors. In turn, consumers are changing what they want from their local high street: there is an increased importance on the overall 'experience' of high street shopping. People want local high streets to provide convenience, a sense of community and to add value through services not offered online.

c. As a result, high streets are having to evolve and adapt. Evidence shows that high streets with a wide choice alongside well designed and planned residential and office space are more resilient to these changes and are adapting more successfully. In contrast, high streets that rely heavily on traditional retail without sufficient office space and housing surrounding the high street have found it harder to adapt to these changes and tend to be the ones that are struggling.

d. Alongside this, local leadership is an important feature of successful high streets. Research shows that strong local leadership is needed to support effective regeneration, reconfiguring space, increasing the number of homes for young and old alike, encouraging more workspaces and reducing congestion with new infrastructure. Well-designed parking policy, active management of change of use of retail units and reinstatement of roads promptly to full use after roadworks can also support vibrant town centres (Institute of Place Management).

1.51 To respond to these challenges, the Government has announced a new £675 million Future High Streets Fund will be set up to help local areas to respond to and adapt to these changes. It will serve two purposes: it will support local areas to prepare long-term strategies for their high streets and town centres, including funding a new High Streets Taskforce to provide expertise and hands-on support to local areas. It will also then co-fund with local area projects including:

a. investment in physical infrastructure, including improving public and other transport access, improving flow and circulation within a town/city centre, congestion-relieving infrastructure, other investment in physical infrastructure needed to support new housing and workspace development and existing local communities, and the regeneration of heritage high streets; and

b. investment in land assembly, including to support the densification of residential and workspace around high streets in place of under-used retail units.

1.52 In July 2019 it was announced that Whitehaven in Copeland had been invited to submit a bid to the Government for investment as part of the Future High Streets Fund (FHSF). Whitehaven's FHSF bid was submitted on 4th June 2020. Furthermore, Maryport in Allerdale has also been invited by the Government to develop plans as part of the FHSF, with a consultation on these plans being undertaken in June 2020.

1.53 To supplement this, in September 2019 the Government announced that 100 places across England would be invited to develop regeneration plans as part of a £3.6 billion scheme known as the Towns Fund. Focusing on primarily former industrial areas, the Towns Fund aims to improve the economic growth prospects of the area through interventions focused on improving transport, broadband connectivity, skills and culture. Within the Study Area, Millom and Cleator Moor in Copeland and Workington in Allerdale have been invited to bid for potential funding opportunities through the Government's Towns Fund. Furthermore, Egremont has been highlighted for receipt of the Borderlands Community Fund.