

A Grimsey Review Research Paper

WE ARE STILL
Open

AGAINST ALL ODDS

How independent Retail, Hospitality and Services Businesses have adapted to survive the pandemic

A white ceramic coffee cup filled with a brown beverage, sitting on a matching white saucer. The cup is placed on a dark, textured surface. The background is a blurred indoor setting, possibly a cafe or office. The word "Contents" is printed in a bold, black, sans-serif font on the front of the cup.

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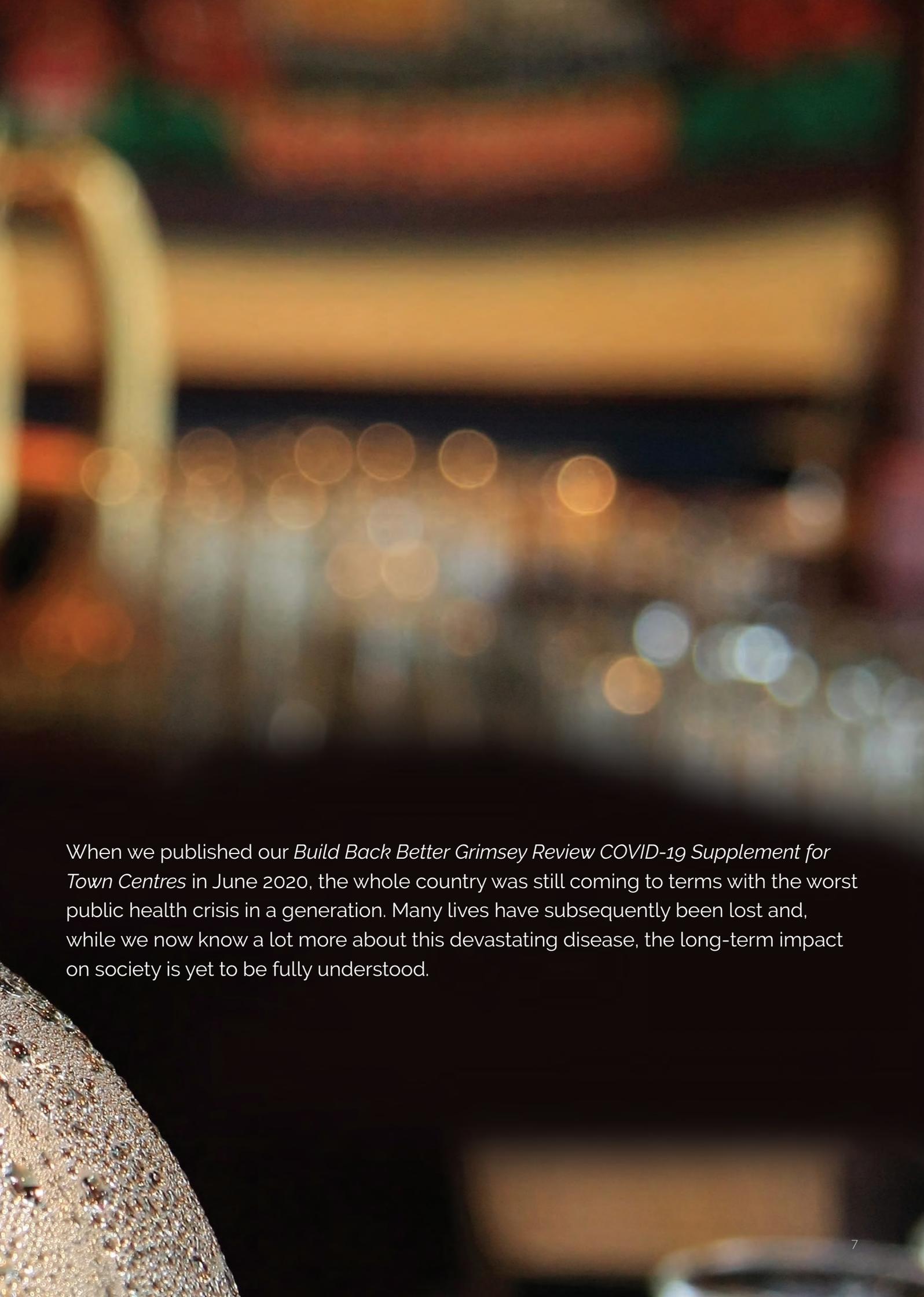
Key Findings

- Independent businesses will emerge from the pandemic with almost five times more debt than they had before. Most have been forced to take on unsustainable levels of debt and many are teetering on the brink as a result. Urgent support is required to stop a tsunami of closures
- Independent businesses have been treated unfairly throughout the pandemic. While larger corporations have been able to trade and benefit from generous government support (so much so that several major retailers have returned billions to the Treasury), smaller businesses have been unable to trade and felt unsupported and unappreciated
- The struggle to survive the pandemic has taken its toll on the mental health of business owners – and many are at breaking point
- Despite unprecedented financial challenges, independent businesses have prioritized supporting local communities and maintaining the social fabric
- Independent businesses offer placemakers an opportunity to create a unique experience that cannot be replicated
- Independent Businesses are stronger together and need a loud voice to be heard by both Central and Local Government

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Foreword





When we published our *Build Back Better Grimsey Review COVID-19 Supplement for Town Centres* in June 2020, the whole country was still coming to terms with the worst public health crisis in a generation. Many lives have subsequently been lost and, while we now know a lot more about this devastating disease, the long-term impact on society is yet to be fully understood.

At the time, we recognised that pandemic disruption would accelerate high street change and, to help town centres adapt to an emerging new landscape, we called for:

Localism

The pandemic has revealed the power of local and the need for local leaders to unlock the potential of their communities. There is a pressing need for 'localism on steroids' to enable local communities to redesign their town centres/high streets, focusing on heritage and a community hub heart, centred around health, education, culture, housing, leisure, arts and crafts along with some shops.

Leadership

We need to ditch low-calibre leadership and attract bold leaders with a broad range of dynamic and collaborative skills. This will get the best out of their communities and build a future where their place competes for people to live, work, play and visit based on a unique proposition.

Sustainability

Sustainability is key in that our towns and cities must no longer be designed solely around the car as people learn to appreciate the benefit of open spaces.

The Recommendations in the *Build Back Better Paper*, principally aimed at Central and Local Governments, remain as relevant today as they did a year ago. This research paper, however, focuses less on the broader high street environment but specifically on the undervalued but vital sector of independent retailers, independent hospitality providers and independent service businesses.

We have focused on this community because they have borne the brunt of the economic crisis caused by three lockdowns. Despite the Government's vow to do "whatever it takes" to support businesses, this paper will demonstrate that small businesses forming the backbone of our economy have, in many cases, had a raw deal.

Small businesses have long been under appreciated by policymakers and the pandemic has shone a harsh light on how they have been excluded from government procurement due to structural failings. On top of which, there is a widely shared view, backed by a British Chambers of Commerce study, that the tax system is fundamentally unfair to small businesses and that HMRC underestimates the time and money required to keep pace with regulatory burdens and the complexities of the system.

This culture of unfairness also extends to Government Covid-19 support funds where our research shows that many have been denied access to the support they desperately needed.

During the course of our discussions, we also saw how many felt targeted and discriminated against by their local authority and subsequently had very low trust in local democracy. We heard incredibly personal stories of how business partners were affected by the trauma and enormous stress of struggling to stay afloat during lockdown. In some cases the impact was so much that people drew up suicide pacts in the event of business failure.

As a consequence, there is a huge debt mountain issued by the banks, that is backed by the Government, and at least a third of that will most likely default.

But despite the odds being stacked against independent shops, we heard of phenomenal stories of innovation and flexibility in responding to lockdown challenges. Their courage and resilience is quite remarkable. Unlike the big essential retailers and non-essential retailers that have found loopholes to remain open whilst some have still taken full advantage of Government financial support, this army of independent businesses continue to survive and demonstrate a sense of community, recognise social values and blaze a trail for a new world of stakeholder capitalism to succeed.

I am eternally grateful to the members of the Grimsey Review team who have contributed to this work. In particular, new members of the team; Collette Osborne who provided powerful insights into the hair and beauty sector, Johnny Hayes, a nationally acclaimed independent campaigner and former chair of Indie York, and Richard Shorney, whose weekly Indie Hour forum has provided a great platform for debate.

Together we have highlighted how independents had to do battle with a culture of unfairness throughout lockdown. Whether it's being unable to trade while bigger stores were allowed to stay open, selling exactly the same goods as independents, or being unable to access government support and having to take on unsustainable levels of debt, the odds have been stacked firmly against them.

This is not surprising when you consider the cultural context in which independent shops operate. Theirs is a very different world to that of big business where the smallest concern is loudly amplified by a sector that has a hotline to ministers and is dominated by powerful industry bodies that frequently lunch with chancellors.

The voice of independent shops, on the other hand, barely makes the decibel scale and makes almost no impression on government.

This has to change.

At a time when independent shops are subject to a newfound appreciation due to their deep community roots, authenticity and importance in making diverse and distinctive communities, we need to view this sector afresh.

Throughout lockdown I've taken a special interest in the amazing work of independent shops across the country. Somewhere in their fight to stay afloat and inspirational dedication they have for their communities, you can see a blueprint for high streets of the future.

There are parts of the country where this is starting to emerge, but it will only begin to spread and lay down roots once policymakers realise that building infrastructure is only one part of high street renewal. People, partnerships and communities are equally important as building infrastructure. If we're going to truly 'build back better' then hardwiring fairness into the system has to be the real goal.

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Executive Summary

This research seeks to find out how small independent retail, hospitality and service businesses have survived the pandemic and what the future looks like for them.



Executive Summary

As the fourth in a series of Grimsey Review Papers designed to help placemakers reinvent our town centres and high streets, it is rooted in the need for a bigger emphasis on localism. This must be supported by towns producing strong, commercially astute leaders that are capable of blending a team of local stakeholders to build a distinct brand with sustainability at its heart.

However, this is easier said than done and other factors such as the wider policy context need to be considered, particularly as the Government's 'levelling up' agenda has become the dominant backdrop of debate around high street renewal.

To better understand how this policy environment is impacting on local leaders' ability to drive change, below is a table of the funds and initiatives that central government have in place to drive town centre recovery and transformation.

In short, over £11billion of central government funding is scattered across different initiatives. Even the most dedicated policy geek would find this confusing. And if the number of funds is baffling, then its lack of transparency is equally frustrating. The vast majority of these funds are a competitive process, meaning towns need to bid against each other. Many areas have made compelling cases for

Government funds to drive high street recovery

- **The Future High Streets Fund:** The government launched 'Our Plan for the High Street' at Budget 2018, which included £675m (now totalling £1bn) for a scheme to renew and reshape town centres and high streets in England. Councils could submit bids for up to £25m each. In December 2020, the government selected 72 high streets across England to receive funding, and £830m has already been allocated.
- **High Streets Task Force:** Though mentioned in the original announcement about the Future High Streets Fund, The High Streets Task Force (HSTF) is a separate initiative, which launched in July 2019. Areas which received Future High Streets funding can acquire expertise from the HSTF – a group of over 150 experts and facilitators that advise how to reinvent and restructure towns and cities in England. In December 2019, the UK government announced 20 pilot areas for the HSTF – all different to those places already involved in the FHSF – which will "receive tailored expert support to assist in rejuvenating their town centres".
- **The Towns Fund:** This is a £3.6bn fund established by government to level up towns and cities in England. In 2019, 101 towns in England were selected to develop 'Town Deals' and bid for up to £25m, with funding designed to drive long term economic productivity and growth through investment in connectivity, land use, economic assets including cultural assets, skills and enterprise infrastructure.
- **Reopening High Streets Safely Fund:** Launched in May 2020, the fund is providing £50m from the European Regional Development Fund (ERDF) to councils across England to support the safe reopening of high streets and other commercial areas.
- **High Streets Heritage Action Zone (HSHAZ):** In September 2020, a £95m government-funded scheme launched to help high streets in England recover from declining footfall and the impact of Covid-19. The four-year programme, delivered by Historic England, will see disused and dilapidated buildings restored into new homes, shops, workplaces and community spaces in 68 high streets across the country.

funding but have been unsuccessful and the basis for granting funding can seem arbitrary.

What this means is that despite the Prime Minister's promise to "unite the country", bigger divisions and resentment will be created as towns that lose out will see neighbouring areas reap the rewards from multi-million pound funding deals. There are already examples of this happening and 'left behind towns' could lose further ground, as business investment and shoppers move elsewhere.

Because the criteria for success is far from clear and reasons for failure never explained, it is inevitable that there is speculation on the allocation of funds being politically motivated with marginal seats or the old red wall seats being successful. Whatever the truth, this once in a generation funding opportunity does not appear fair and equitable. For local solutions to be found to tackle the unique challenges each area faces, a new breed of leaders needs to be confident that, providing their plans pass a rigorous sense test, then the money is there and everywhere has a fair chance of putting their high streets back at the heart of communities.

- **Levelling Up Fund:** Announced at the Spending Review in November 2020, the Government's £4.8bn Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets.
- **Welcome Back Fund:** In March 2021, the government introduced a new £56m Welcome Back Fund to support high streets and seaside towns in England. The funding will help councils boost the look and feel of their high streets by investing in areas such as street planting, parks, green spaces and seating areas.
- **The UK Community Renewal Fund:** Announced by government in 2021, this fund will help support local areas to pilot imaginative new approaches and programmes that unleash their potential, instil pride, and prepare them to take full advantage of another fund - the UK Shared Prosperity Fund when it launches in 2022. This fund represents a government commitment to replace European Union structural funding and will be worth around £1.5 billion a year.
- **Community Ownership Fund:** Launched in March 2021 by government, this £150million fund will help community groups buy or take over local community assets such as pubs or post offices that are in danger of being lost.
- Most funds only apply to England, as the devolved administrations in Scotland, Wales and Northern Ireland have their own departments covering responsibilities related to communities and local government. There are no equivalent schemes for towns and cities in Northern Ireland, while in Scotland there is the Scotland's Towns Partnership, which launched in Autumn 2018. Supported by the Scottish Government, the organisation's role is to foster the development and continued success of Improvement Districts (formerly Business Improvement Districts) across Scotland. There is also a separate £50m Town Centre Fund and a £10m "Scotland Loves Local" fund. Wales has its own £110m Transforming Towns fund, which is an interest-free loan to help support town centres by revamping properties and filling vacant buildings.

Executive Summary

Independent businesses on our high streets

While this policy context is useful, it should not distract us from other important truths around the huge challenge of rebuilding our high streets. The most obvious one is that you cannot deliver high street renewal simply through standalone projects and capital investment. High streets have always been about people, partnerships and community – and the need to strengthen social infrastructure, invest in people and nurture a supportive and diverse ecosystem to help forge unique place identities remains a massive challenge that is often overlooked.

So too is the role of smaller independents, whose standing has grown throughout the pandemic while chains have led a mass high street exodus.

There are many reasons why independent businesses have such an important role on our high streets. The shift to 'artisanal values' away from a one-size-fits-all approach of chains is one – and many niche food, craft and clothing shops are fulfilling an important need here. The desire for authentic experiences and distinctive places is another. But, arguably, the most important reason why they have such an enduring appeal is their strong community roots.

If anyone needs a reminder of the wider importance independents have to local communities, then they only need to look back at England footballer Marcus Rashford's social media timeline from last year.

His campaign for the provision of free school meals in England during holidays caught fire when he was suddenly inundated with offers from restaurants, cafes and sandwich

bars all over the country to provide free food for vulnerable children over half term. To see his Twitter timeline ablaze with offer after offer of help from independents was truly inspiring. At a time when small businesses were struggling with survival after months of lockdown, this outpouring of generosity and community spirit was heartfelt and powerful.

Our research has revealed that independent business owners often put local community support ahead of money making. They have and will continue to provide a unique mix of interesting shops, restaurants, cafes, health and beauty salons and other stores that adds positively to any town's proposition.

In many ways they exemplify the best traditions of culture, heritage and distinctiveness that are so important to people's sense of shared identity. Their role in strengthening the social fabric of a place has also often been overlooked by our policymakers – but it has not gone unnoticed on the continent where governments and mayors have not been afraid to make bold interventions to support independents. Countries such as France and Germany have many more independents than the UK and in France, during lockdown, the Government even agreed to pay delivery fees for independent bookshops sending orders to customers to protect a sector that is seen as key to the nation's cultural identity.

There are some signs that local policymakers are beginning to take similar steps here in the UK. A few years ago, Westminster Council, for example, used planning powers to stop large property developers from knocking down small shops to build larger ones in their place. *"By using our planning powers to create an environment where the creative industries can thrive, we'll create more space for modern independent retailers or new start-ups, making sure Soho remains special,"* explained Westminster's cabinet member for planning, Richard Beddoe, at the time.



Executive Summary

We asked:

How they changed their operational structure and offering?

What changes they made to marketing and communications activity?

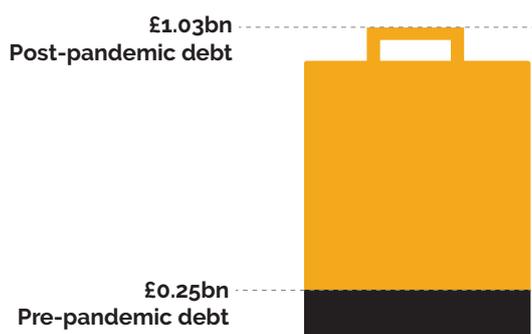
What was the nature and level of support they received?

But while there are undoubtedly reasons to be hopeful about the future of independent businesses on Britain's high streets, we should not underestimate the damage the pandemic has caused. The weight of debt that's holding the sector back is enough to drive many good businesses under.

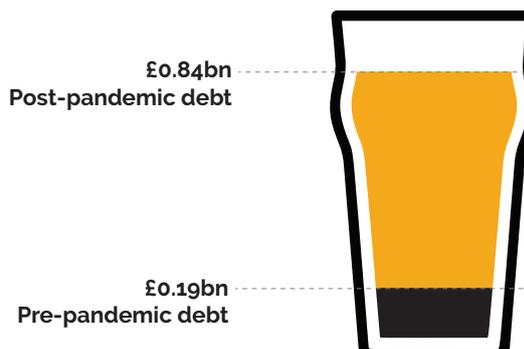
There are almost 68,000 small independent retailers whose collective debt has risen from £0.25bn to £1.03bn since the start of the pandemic. And there are almost 56,000 small independent hospitality businesses whose collective debt has risen from £0.19bn to £0.84bn since the start of the pandemic. In the hair and beauty sector alone we estimate that some 20,000 independent businesses have collectively seen their debt rise from £0.05bn to £0.30bn. The combined independent sector, by our definition, now has a debt mountain of £2.2bn up from £0.5bn before the pandemic, representing a five-fold increase. This is an enormous mountain to climb as we exit the pandemic.

With that in mind, we set out to understand what support mechanisms have been put in place and the impact they've had on helping essential businesses survive the pandemic. As part of our research we asked independent business owners a series of questions about how they had responded during the pandemic.

Independent retail sector debt



Hospitality sector debt

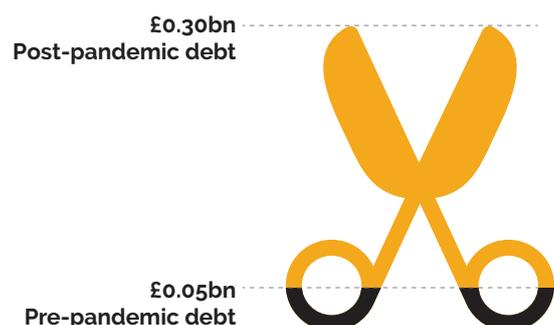


The findings are mostly very positive showing the resourcefulness, agility and determined spirit of high street entrepreneurs. On the flip side, however, there is evidence that the battle to stay afloat has taken its toll. There has been a heavy human cost in mental health, confidence and in some extreme cases a real threat to life.

I spent most of my career as a corporate executive wrapped in a certain amount of security. Yes, it was difficult for me and all the employees, suppliers and other creditors when the Bank Covenants at Wickes (1996) and The Iceland Group (2001), were breached and we were all at the mercy of the banks to obtain an agreement to continue and refinance broken businesses. But these were caused by previous management actions resulting in the crisis in each case. When something happens outside your control that jeopardises the future health of a business that is a tougher nut to crack.

I bought Focus Do-It-All in June 2007 together with a private equity firm with clear plans to restore the business to health. Just over a year later in the autumn of 2008, the banking crisis struck, hitting the home improvement market, along with most markets, hard. Although we kept the business going until 2011, it never really recovered from the debt it carried and the very slow improvement in market conditions. Regrettably, we had to put the business

Hair and beauty sector debt



into administration. The point is, that just like this pandemic, the circumstances that arose were beyond our control and the fire-fighting that's necessary to survive sometimes becomes too great.

Given there are almost 150,000 small independent businesses out there that face five times the debt they had going into the pandemic, there is going to be a significant number of business failures and a large part of that debt will default. These people need urgent help and understanding and should be seen as a critically important cohort of independent businesses at the heart of communities up and down the country.

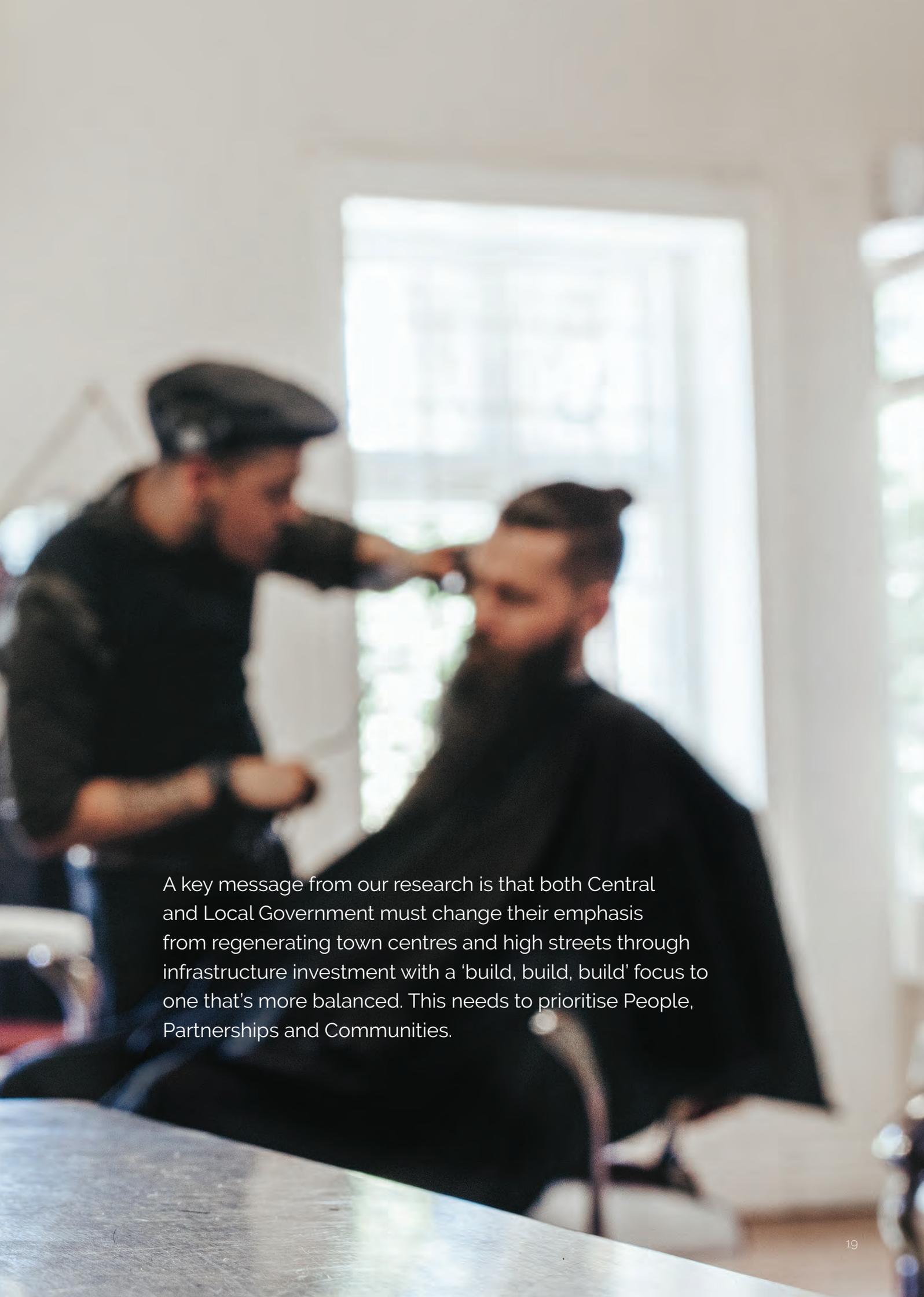
As we've seen over the years, there are some sectors of the economy that governments will move heaven and earth to protect – while those that don't carry the same totemic importance to the nation's economy are left to fight on their own.

For too long we've viewed independent shops in the latter camp and it's time they gained the respect they deserve. Research shows that their role is very much the glue holding communities together, demonstrating a culture of goodwill, helping with community events and supporting other local entrepreneurs. In short, the best independents are undoubtedly a force for good.

Having survived the worst public health crisis in a generation, their loss would be catastrophic for communities. If they were to go under now, it would not only be the small independent business owners that would suffer from business failures, it will hit the people they employ, the companies that supply them and the landlords of the properties they occupy. If we are going to radically reinvent our towns and cities in response to the very important changes taking place driven by technology on the one hand and the massive issue of climate change (remember that) on the other, then the country needs a proper strategy to support our unique small businesses.

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Recommendations



A key message from our research is that both Central and Local Government must change their emphasis from regenerating town centres and high streets through infrastructure investment with a 'build, build, build' focus to one that's more balanced. This needs to prioritise People, Partnerships and Communities.

Recommendations

Underpinning this renewed emphasis must be a sense of fairness. It was clearly not fair that essential businesses were allowed to trade throughout successive lockdowns and sell non-essential products such as: stationery, cards, clothes, picture frames, haberdashery, etc., whilst still receiving financial benefits from central Government. It is equally not fair to allow small businesses to get into a level of debt, which, their balance sheets clearly could not support.

Therefore, we have focused our recommendations under three broad headings: People, Partnerships and Communities. Each recommendation attempts to address the structural unfairness that exists and provide a background where local business people, partnerships and communities can come together and Build Back Better as we emerge from the pandemic.

Local Business People

1

Save Viable but Over-indebted Companies

There must be a comprehensive forgiveness scheme for dealing with defaulting Bounce Back Loans to avoid the uncontrolled collapse of independent businesses and to ensure that viable but over-indebted companies survive.

2

HMRC Role

HMRC must play a constructive role in business rescues aimed at helping independent businesses owners wean themselves off the Government's Coronavirus support schemes, such as VAT/PAYE deferrals, the bans on rent arrears enforcement and on the issuance of Winding Up Petitions.

3

Companies House and Filing Deadlines

The Government must tighten the filing deadlines at Companies House, so that suppliers and credit insurers in particular have access to timely financial information on

independent businesses to enable them to make properly-informed and constructive credit decisions.

4

Business Rates

Business rates remains a broken and outdated taxation model, which urgently needs an overhaul, as it's holding high streets back. If the G7 nations can come together to make a global agreement on the taxation of multinationals then surely our government can get on with reforming business rates. The planned review for this autumn must be bold and decisive. Government can no longer afford to kick this problem down the road.

5

Business Rate Holiday for Non-essential Businesses

Government needs to extend the business rates holiday for all non-essential retailers, hospitality and service providers until April 2022. A review should take place in January 2022 to establish if this needs further extension.

6

Sales Tax

A two per cent sales tax at the point of sale for all retail sales will raise the same amount from retail as business rates currently does. It is easier to administer and levels the playing field between online and bricks and mortar retailers.

7

Strengthen Consultation

While record amounts of money are being pumped into our high streets, consultation with communities is too often a token, tick-box exercise. Local business people's voices are not being heard in high street regeneration plans and there is a real risk of 'white elephant' schemes that command little public support.

Partnerships

8

Independent Business Associations

As high streets move away from an identikit 20th century model, the unique and complex challenges of creating a distinctive community hub model requires more expertise than that provided by central and local government. The growth of independent business associations should be encouraged and other traditional delivery vehicles need to evolve.

9

Business Improvement Districts (BIDs)

Business Improvement Districts need to widen their remit to become Community Improvement Districts. The model in Scotland provides a good example on which to base this change in representation. This creates a format where retailers can collaborate with heritage, tourism, health providers, education institutions, wider group of businesses and the local authority.

10

Regulate Key Experience Economy Providers

Key 'experience economy' sectors such as hairdressing and health and beauty need to be

regulated to ensure these high street 'anchor' services have high standards of safety and protect workers. Empower The Hair and Barber Council to act by making the Hairdressing Act of Parliament 1964 mandatory to guarantee minimum levels of compliance, quality and safety while also addressing the growing underground market which undermines it. This should also include the beauty sector to deal with risky practices such as injectables and fillers being administered by non-qualified personnel.

11

Independent Business Support Resource

Councils should provide knowledgeable and experienced specialist business support for their independent retail and service sectors with incubator space. This should go some way to acknowledging the scale and contribution of the sector to its economy, its community and the future of its town/high street.

Recommendations

Communities

12

High Street Visitor Experience & Accountability

Councils need to take greater ownership and responsibility for their high street experience. It is no longer just about shopping. There needs to be a bigger focus on safety, cleanliness, signage, entertainment and the whole environment. Councils need to acknowledge that it's their responsibility to create an outstanding experience.

13

Reinvent Customer Service

A new breed of retailers is emerging that are creating immersive retail experiences and turning shopping into an event. These are at the vanguard of future retail and are set to benefit from a growing consumer demand for experiences. To capitalise on this trend, all service providers need to adopt a new mindset and recruit differently. There are thousands of people in the UK events and culture industries currently needing work and businesses should be bringing in this new skillset to transform the sector. Customer service needs to evolve from "have a nice day" to providing memorable experiences.

15

Stop creating 'Left Behind Towns' - Fairer Funding

The Government's Levelling Up agenda is creating left behind towns through a winners and losers approach. Towns are required to compete for support from a multitude of funds

14

Understand how Independents make you different

There needs to be a change in mindset in central and local government along with other organisations involved in high street regeneration to recognise the importance of smaller, independent businesses in creating unique destinations. For too long the role of smaller businesses has been downplayed and there needs to be a greater appreciation of their role in building distinctive places, strengthening local identity and creating strong community roots. This cultural shift is key to unlocking the potential of towns of the future.

16

One Voice – Listen to the sector

The Government should reject calls from self-appointed commercial trade bodies who represent the minority, and instead engage with and nurture one collective voice for the entire sector of independent shops, fostering cohesion, equality and inclusivity for those working in the industry for the industry.

and many towns that desperately need help are losing out. This will widen divisions and must be replaced by a fairer system that gives every town a fair chance of getting the support they need.



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Conclusion

If there's one thing we've learned throughout the pandemic, it's that strong neighbourhoods matter. People have a fundamental need for connection and community, and independent shops are well positioned to benefit from this. Research from Lumina Intelligence in their Future of Convenience Report 2021, for example, says three quarters of shoppers indicate that supporting local suppliers and retailers is important to them.

This is encouraging, but it's worth examining why we're seeing this trend.



Conclusion

The word 'community' often evokes fuzzy and nostalgic definitions of an ideal quality of life that residents hold for their neighbourhood. Yet it's ill-defined and misunderstood, which is why it's important to practically explain why the best independents can rightly prize their strong community links.

Although many chain stores have good local charitable connections, with independent businesses the owner is often on the premises. They are contactable and not remote at head office with no interest in a local Parent Teachers Association Christmas card competition or quiz night.

The independent businesses are able to respond to community needs and requests instantly. Whereas a branch manager often cannot say yes to hanging bunting up for a summer fair on his shop front without permission from bosses that can be hundreds of miles away.

A local group or charity will get a reply in two minutes if they ask the business owner for something. It may not always be the answer they hoped for, but at least they know where they stand. A reply from a chain can take days or weeks and prevents things getting done.

Johnny Hayes is one of the authors of this review and was a shopkeeper in a local parade in York. His account is illustrative of the commitment shown by many independents to the social fabric of their community.

"As independent businesses in York, we were very much a part of the local community and our local Traders Association really helped to bring the community together. As individual businesses we would give raffle prizes regularly to local schools, play groups, local clubs etc. We sponsored the primary school football team, and paid our contribution for the cost of Christmas lights and trees. Our Traders Association organised events like street parties, dog shows,

baking competitions and scarecrow trails. We took on local children for work experience, produced a local paper and hosted a local Facebook page. We paid for community improvements including providing benches and planting shrubs and plants. This was done often for reasons of simply wanting to help out, but also to try to make the local area a better place to live and work. The best independent businesses can help give their community a unique identity and collectively, they can help transform their locality. Importantly this also can have a real impact on your income in your business as you rely largely on a local customer base. Your reputation is affected by what you do in the community."

Local shoppers tend to know this, which is one of the reasons why independent shops are so valued. But this has not filtered through to policymakers and it's why central and local government need to pay more attention to this sector.

We have to move away from the sledgehammer approach of the Government's 'build, build, build' mantra to focus equally on the subtle complexities of building strong communities. Social capital is just as important as building physical infrastructure when seeking to turn around failing high streets and no strategy should be complete without a big focus on people, partnerships and communities.

The American political scientist, Robert Putnam, is widely recognised for drawing attention to social capital in his best-selling book, *Bowling Alone: The Collapse and Revival of American Community*. He argued that a loss of community was turning cities and suburbs into "edge cities" and "exurbs"; anonymous places with no identity, where people barely engage with community or socialise with neighbours and sleep, work and do little else. A similar problem is spreading across Britain and reinvigorating towns, high streets and the heart of communities is key to reversing this decline.

The hidden potential of independent shops, which policymakers are failing to see, becomes much more visible in an environment where people are encouraged to slow down, socialise and enjoy each other's company. With well-designed public realm, welcoming piazzas, green space and people-friendly streets, the value of diverse and vibrant independent shops becomes immediately obvious.

However, many of our towns and cities remain the antithesis of this. In traffic-clogged, pollution-choked streets that are bereft of green space and have no aesthetically pleasing gathering points, high streets are not places where you can be open to new experiences, take a stroll to find a restaurant or wish to spend any length of time.

Thankfully, some areas are starting to realise this and beginning to re-design places on a more human scale. The fact that Oxford Circus in London, which cuts across Europe's busiest shopping street, has recently announced plans to close half the street to traffic and create a pedestrian piazza is a game changer. The surrender of too much public space to the car remains one of the biggest mistakes of the 20th century and putting this right by creating cleaner, greener and healthier high streets has to be a defining mission for our time.

Once we've created a better environment for independent businesses, a strong experience economy and new community hub model to flourish, we can begin to create amazing places. There's no reason why every town shouldn't have a great high street and a new generation is literally chomping at the bit with great ideas to make this happen – and thankfully they're being encouraged.

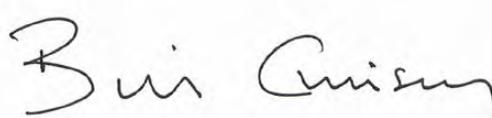
The work of organisations like Enterprise Nation and retail experiential operator Sook, for example, is creating a fascinating ecosystem of early stage and start-up brands to test the waters on our high streets. Many are taking pop

up space in London's Oxford Street store and being given training on 21st century retailing. It's very future facing, but equally represents a return to a time when high streets were a testbed for creativity and exciting new ideas.

Even though this review is rooted in the worrying predicament of a nation of independent shops that have managed a great escape to survive the pandemic, but find themselves still perilously close to the edge, I can still see reasons to be optimistic about our future.

The loss of so many chains over the last year shows that clone town Britain is in retreat. It should signal an opportunity for planners and placemakers to let their imaginations run riot so towns all over the country can lay claim to their own unique identities. This is no time to timidly cling to conformity and impose a bland vision of identikit housing and poor quality retail on our decimated high streets. Britain can do much better than that.

Now is the time to unlock years of hidden potential and make our high streets hum with inspiration again.



July 2021



**AGAINST
ALL ODDS**

State of the Nation

High Street and Town Centre Finances



Introduction

The impact of the pandemic on our high streets and town centres has rarely been out of the headlines, fuelled by high profile collapses involving iconic retail brands like Top Shop and Debenhams or hospitality chains such as Carluccio's and Zizzi.

The seeds of their failure were sown long before Covid-19 came to dominate our thinking, but the coup de grace was delivered by weeks and months of enforced closures, endless changes to restrictions and the one constant throughout this commercial catastrophe, social distancing.

Unfortunately, the key sectors involved in the health or otherwise of cities, towns and villages throughout the United Kingdom started their journey through the Coronavirus minefield in a state of considerable financial weakness.

In this review of financial risk, we have concentrated on retail, hospitality and an industry which receives little publicity or attention but is a key driver of footfall, hair and beauty.

Throughout this section of our Review, we have been obliged by the relaxed filing deadlines at Companies House to look at financial data, which almost exclusively relates to periods prior to the start of the crisis in the UK in March 2020. It will be another year before we have a definitive picture of the financial damage it has caused.

Nevertheless, where reliable data is available on financial and commercial issues arising from the pandemic, we have included comments on how our focus industries have been affected.

5% of GDP and employs 2.9m
workers

47% of retailers at significant
risk of failure

18% have negative balance
sheets with a combined
shortfall of £1.8bn

149 major failures since start
of 2018 affecting 227,000 jobs
and 11,500 shops

Average financial health
rating of only 35 out of 100

Retail

Retail

This sector contributes 5% of our GDP. Its 300,000 outlets and 200,000 VAT registered traders employ 2.9m or almost 9% of the UK's 32.9m employed workforce. Essential retailers have remained open throughout the crisis, while their non-essential counterparts have seen extensive periods of enforced closure.

However, the entire sector has experienced a dramatic shift of shopping from physical stores to online. The Office for National Statistics (ONS) reported that the overall value of retail sales had risen by 0.9% in March 2021 compared to February 2020, but the online element has soared from 20.2% before the pandemic to 32.8% in March 2021, having peaked at 36.4% in January 2021 at the start of the third national lockdown.

We have utilised the Company Watch financial modelling system to review the finances of the 85,665 companies registered at Companies House as being retailers. Between them they have total assets of £221bn, borrow £67bn and have a combined net worth of £80bn.

The financial health of the sector as we headed into the pandemic could hardly have been more worrying or less robust. The Company Watch system analyses the latest published financial statements of companies to establish a health score (H-Score®) out of a maximum of one hundred. Across the retail sector, the average H-Score was only 35 against an expectation for the economy as a whole of somewhere in the range between 45 and 50.

Any company scoring 25 or less out of 100 is deemed to be in the Warning Area, with statistics going back more than twenty years demonstrating that such businesses have a one in four risk of filing for insolvency or needing a major financial restructuring during the next three years. Almost half of all retail businesses (39,975) were in the Warning Area.

The full details of this analysis can be found at Appendix 3 to this Review.

We also looked at companies with negative balance sheets, which we have called 'zombies' and which fail one of the two core insolvency tests set by the Insolvency Act. Some 18% (15,642) of retailers are zombies; between them they have balance sheet deficits totalling £1.8bn.

We separated out smaller retail businesses, in order to judge the relative health of independent retailers. Setting the limit at a total asset figure of £100k, we found that there were 50,837 independents (59% of all retailers). A further 17,037 (20%) had assets between £100k and £250k.

Breaking down independents still further, we found that micro businesses with assets of less than £25k had an average H-Score of only 28 out of 100. The next tier (mid-rank independents) with assets between £25k and £100k scored 32. The top tier of larger independents scored 38. Only non-independents with assets above £250k had an acceptable level of financial health. A further 42% of larger

independents were in the Company Watch Warning Area, 51% of mid-rank independents and 60% of micro retailers. Despite regular newspaper headlines focused on well-known high street brands, formal insolvency is not excessive in the retail sector. There were 1,031 retail insolvencies in 2020 or 6.7% of all corporate and trader insolvencies. This is in line with failure levels since the recovery started after the global financial crisis of 2008. But this must be seen in the context of government support measures, designed to prevent business failures and which have driven down corporate insolvencies by 23% since 2019. The trend in retail insolvencies is detailed at Appendix 1 to this update.

But when retailers fail, the impact on jobs and high street/town centre environments can be devastating. This is illustrated perfectly by the statistics published by the Centre for Retail Research, which records the details of major retail failures. Up to the end of April 2021 there had been 63 such collapses since the start of 2020, with 135,000 jobs affected and some 6,900 stores impacted.

These numbers exclude the continuing significant slimming of store portfolios during the crisis, which will have added as many or more to the lost job and closed store figures as those quoted in the Appendix. The shop vacancy rate of 14.1% in March 2021 was approaching its peak of 14.6% in 2012. In addition, some predictions suggest that 400,000 retail jobs will be lost during 2020 and 2021.

A key factor in the viability of any business is its level of borrowings and the impact of capital and interest repayments of its cash flow. Total retail borrowings before the pandemic were £67bn, but this was heavily concentrated among major retailers. Total borrowings by the 67,874 independents in our analysis were only £242m. We have set out the estimated debts taken under the various government-backed Coronavirus loan schemes later in this report. We believe that independent retailers may have borrowed an additional £784m, in which case their debts have more than quadrupled.

Pubs & Restaurants

5% of GDP and employs 3.2m workers

58% of pub and restaurant operators at significant risk of failure

27% have negative balance sheets with a combined shortfall of £1.8bn

Average financial health rating of just 29 out of 100

Hospitality

Taking hospitality as a whole (including hotels and other accommodation), the sector also contributed 5% to GDP and employed 3.2m or 10% of the UK workforce before the pandemic. It has total assets £34bn, borrows £14bn and has a combined net worth of almost £8bn.

Nevertheless, no matter how fragile the retail economy was at the start of the pandemic, the hospitality businesses that play such a key role in providing visitor experiences in high streets and town centres were in far worse shape.

Once again, we used the Company Watch system to analyse the finances of 64,065 companies operating pubs, clubs and restaurants. Together, they scored an average H-Score of 29 out of a maximum of a hundred and 36,944 (58%) of the companies were in the Company Watch Warning Area. Some 27% (17,062 hospitality companies) are 'zombies', with a combined deficit of £1.8bn.

There is a far higher incidence of independents among hospitality companies, representing 88% of the total. Separating out their financial characteristics, we found that micro independents had an average H-Score of 26, mid-tier 27 and top tier 31. Even the larger, non-independent hospitality companies failed to reach the expected rating, scoring an average of only 39. This means that the entire sector is below par in financial risk terms.

Formal insolvencies occur more frequently in this sector. There were 1,785 business failures among companies and traders in 2020, representing 11.6% of all UK insolvencies or more than double its share of GDP. Only the construction sector has a higher failure rate relative to its contribution to the economy.

There are no statistics for hospitality comparable to those for major retail failures, but the slimming down of outlet portfolios by the major mid-market restaurant chains had already been in progress for some time before the pandemic struck, as they struggled to reverse their previous ill-judged expansion binge, fuelled in some cases with unsustainable debt provided by aggressive private equity owners.

It is worth noting that UK Hospitality (the sector's trade association) has estimated that the sector has only been profitable during four weeks since the crisis started. Their research showed that the sector's sales fell by £72bn in 2020, a drop of 54%.

Total sector borrowings were £14bn pre-pandemic, of which independents accounted for only £186m. Our estimate of the additional debts taken on under the various government-back loan schemes suggests an extra £652m of borrowings, increasing this burden by four and a half times.



Hair & Beauty

Employs over 300,000 workers

52% of hair and beauty businesses at significant risk of failure

15% have negative balance sheets with a combined shortfall of £187m

Average financial health rating of only 32 out of 100

Hair & Beauty

The Hair and Beauty industry suffers from a lack of effective regulation, poor leadership and highly fragmented ownership, which in turn has led to a significant lack of regularly available and comprehensive data. Official statistics from government organisations such as ONS and the Insolvency Service fail to separate out the industry from the overall personal services sector. The most recent information comes from research into the size and shape of the market in 2017, published jointly by Cardiff University, Q-Step and the Hair and Barber Council.

This shows that there were almost 50,000 businesses in the sector and that as many as 338,000 people worked in it. Some 54% of workers were under 35 and 88% were female.

We were able to identify 22,246 companies registered at Companies House operating in this field and having published sufficient information to enable their financial

profile to be assessed. Of these, the vast majority fall within our definition of an independent - some 93%.

Company Watch analysis shows that the average H-Score across the sector is 32 out of 100, with micro businesses scoring 30, mid-tier independents 33 and top tier 37. A further 11,472 companies (52%) were in the Warning Area and 3,383 (15%) were 'zombies' with negative balance sheets. Virtually all of these were independents.

Total borrowings are less than £1bn, of which independents account for only £55m. We estimate that new loans taken out under the government support schemes by the companies in our sample may have been as much as £250m, raising borrowings by five and a half times.

Debt

Pre-pandemic borrowings
of independents were
£483m

Extra borrowing through
Bounce Back Loans
estimated to be £1.7bn,
an increase of 4.5 times

Bank Card:

**** * 1234



Government support for businesses & the looming cliff edge

The government has been generous in providing unprecedented support during the crisis for struggling businesses across the economy, pumping £100bn into the furlough scheme and other job support measures and providing £76bn through its various government-backed loan schemes. A wide range of grants have been made available through local authorities and special schemes in certain industries, such as the creative arts.

In addition, there has been more targeted support through the business rates holidays. Other measures have facilitated the deferment of liabilities, in particular the prohibition of commercial rent enforcement and the relaxation of payment deadlines for both VAT and PAYE.

There is little doubt that these initiatives, together with the suspension of Wrongful Trading sanctions against directors has prevented a deluge of business failures, as confirmed by the sharp fall in formal insolvencies.

It can now be hoped that the vaccine roll out will, variants permitting, lead to a return to at least a version of commercial normality in our focus sectors, although ongoing social distancing measures may hamper the restoration of full profitability as will acute ongoing labour shortages, especially in hospitality.

Nevertheless, this begs three very major and inextricably linked questions which must be answered before the plethora of support is withdrawn by the government.

Our analysis of the three sectors above has identified that borrowings have soared for many businesses. The scheme

relevant to independents is the Bounce Back Loan Scheme (BBLs). Loans totalling £46.5bn have been advanced to 1.53m businesses at an average loan value of £30,390. There are 4.3m active companies registered at Companies House, meaning that 38% of all UK companies have taken on a BBLs debt during the pandemic.

Our research covers 145,941 independent companies operating in our three focus sectors. The implication is that between them, they may have borrowed an extra £1.7bn.

However relaxed the repayment terms might be or however low the interest rates are, this is real debt which has to be repaid. The Office for Budget Responsibility has predicted that around a third of all BBLs debts will eventually default, suggesting that some 49,000 of our independents are at risk of failure from this cause alone. How will the government deal with the debt default crisis?

These businesses are faced with other significant legacy liabilities for unpaid rent, VAT and PAYE, which will act as a dangerous drag on the future cash generation needed to finance their expansion from the low base to which the pandemic has plunged them. How does the government propose to square this cash flow circle?

The excessive debt loading will inevitably have a negative effect on credit terms available from suppliers and other stakeholders, as well as the availability of sufficient credit insurance to underpin the willingness of suppliers to offer workable credit arrangements. What can the government do to reassure the credit industry?

Summary

We have set out the financial insecurity of three industries, who have a significant role to play in the future of our high streets and town centres. Our analysis is based on the latest available financial data, which unfortunately is by its nature historic because of the filing delays allowed by Companies House. As such, the gloomy picture we have portrayed does not show the impact of the pandemic on their finances.

But we went into this emergency with 51% (88,391) of hair and beauty, retail and hospitality businesses at serious risk of failure; 36,087 (21%) of them had negative balance sheets, with a total deficit of £3.8bn. These industries are highly fragmented; over a third of all businesses have assets of less than £25k. A mere puff of adverse commercial wind might blow many of them away, never mind the pandemic storm of the century.

It is worth noting that our focus sectors employed 6.5m people between them before the crisis. It is likely that more than 500k of these workers have already been casualties. Many of them have also left the country for good, creating critical shortages in key areas such as restaurant kitchens.

Some estimates suggest that as the economy re-opens and the furlough scheme is wound down a further 500k jobs will be lost.

The social reality is that the great majority of the victims of this cull are young and even more are female. Data from Companies House for the recent sharp rise in the 'birth' of new companies support the theory that the poor employment prospects for many of these people is behind a surge in entrepreneurial activity and the creation of new, independent businesses. This may be one of the most significant silver linings of these dark times.

Even at this mature stage of the pandemic, there remains much uncertainty about the much discussed 'new normal' will look like but it is clear that a return to the old normal is no longer possible. Another upside of the crisis has been the acceptance of this by many local stakeholders and by the placemaker community.

Regenerating our high streets and town centres is a job for these players, driven by strong community involvement in the decision-making process. Nevertheless, there is much

to do to stabilise the finances of our focus sectors and this cannot be left to disparate interested parties with their own agendas, such as banks and landlords. There is a bright future, but it must be a financially secure one.

Instead the government must establish a framework for removing the overhang of legacy liabilities and leaving viable businesses to prosper once again. Discussions are already under way with the landlord and tenant communities to find a solution to the unpaid commercial rent arrears of some £6bn, but the far more urgent issue concerns Bounce Back Loans.

The first repayments on these started falling due in May 2021, so already banks will be finding borrowers unable to even begin to pay back their debt. The French government is proposing to turn €130bn of pandemic support loans into grants. A similar approach is needed in the UK. There has been talk of swapping the BBLs into equity holdings, but this is surely unmanageable for the tens of thousands of independents who will need debt relief. Whatever, the mechanics of a forgiveness scheme, two vital considerations must be taken into account.

First, there must not be a scattergun approach. The relief should only be made available to viable businesses, otherwise high streets and town centres will be plagued by lame ducks stifling competition and holding back their regeneration. Second, the solution must avoid creating any unexpected tax liabilities for the survivors.



**AGAINST
ALL ODDS**

Role of Local Authorities & Community Stakeholders

For too long, local authorities have seen big brands as the high street holy grail and ignored smaller solutions. With more than 17,500 chain store closures in 2020, this mindset needs to change fast if towns are going to adapt to a new landscape

Role of Local Authorities & Community Stakeholders

If you were to summarise the approach to town centre regeneration taken by many towns up and down the country over the last few decades, it boils down to one simple thing.

Chasing big brands.

When it came to town centre masterplans, council officers were gripped by a myopic obsession with securing big brand anchor tenants. Agencies were appointed and charged with bringing in household names, delegations sent out to woo brand bosses and more and more retail space built to accommodate chain stores.

The mindset was that if your high street didn't have a Next, an M&S or Costa, it might as well not exist. Brands were the only game in town and everything else was an afterthought.

For decades town centres were built on having the top 20 retail brands on your high street, worn like a badge of achievement. The prize for the property owners and their agents was to sign up the well-known brands on as long a lease and as high a rent as possible, driving the values and the income up.

Independents finding it hard to compete

Smaller local traders were not allowed on their high street, forced out by market forces and an unforgiving property/income model. While this led to the creation in some towns of unique independent districts that worked hard to offer a different complementary offer, high streets largely blurred into a homogenous mass of the same shops.

Many economic development officers across the land got behind this identikit vision. Although some, it has to be said, realised the importance of the independent retail and service sector and made sure smaller businesses were a key part of their plans. They were, however, in a small minority.

All changing

Now, as big brands continue to tumble and the likes of Debenhams, Top Shop and Dorothy Perkins disappear for good, Britain must move away from a cut and paste regeneration approach to a model that creates more distinctive communities.

Previous Grimsey Reviews have long argued that we need to drop clone town thinking to create an exciting future for our towns. Our high streets have a golden opportunity to build back better with a unique and authentic offer, with mixed uses built around a strong community hub.

Of course, retail has a key part to play in this. But as many places see sweeping changes on their high streets, it is the local independents that are playing a massively important role in a new retail landscape.

Independents and the Community

Not only have they been astonishingly resilient to survive the pandemic, but they've come to be more appreciated and cherished. Research during 2020 showed that two thirds of shoppers were more likely to shop in their local communities than they were a year ago.

One of the reasons why independents have become increasingly popular is because people want to see more diversity on their high streets. They crave unique places. A more distinctive offer can also help foster a stronger sense of local identity and pride.

But arguably the most important quality of independents is the fact they are strongly rooted in their communities. This is in stark contrast to chains that are only accountable to shareholders and have no connections to the communities they operate in. When the proverbial hits the fan, they are often quick to move out.

Independents have an umbilical cord into local communities that they are proud to serve and work for, where most have their homes and families. These are the traders, the barbers, the beauty salons, the cafes, the delicatessens, clothing boutiques, restaurants and all manner of quirky shops whose owners have a very real emotional connection to their town centres and are driven by a desire to see and play a part in their high street's revival.

This also manifests itself in wider social value benefits to communities, which often go unreported. Drake bookshop in the North East, for example, partnered with their local council to ensure every young person in the care of the council would receive a book of their choice over Christmas.

Many other shops are equally generous, even in the midst of the worst pandemic in a century. The actions of hundreds of sandwich shops, cafes and restaurants to support Marcus Rashford's campaign to give free school meals to children during holidays is a case in point.

Un-level Playing Field

The fact that many independents have come out of lockdown stronger is a veritable miracle given the odds were seriously stacked against them.

Throughout lockdown, we saw the big four supermarkets (and a few others) allowed to sell direct to browsing customers; books, video games, clothes and so on whilst the independent book shop, games shop, fashion retailer and hairdresser were forced to close. This unfair challenge forced independents across the UK to display remarkable tenacity, creativity and innovation to survive.

They've been through hell and, like the toughest steel, they have been forged in fire and are arguably stronger for the experience.

Now, in a post-pandemic landscape that's blighted by empty chain stores, they are well placed to provide a different retail offer and take advantage of changing times.

However, the question central government and local authorities must answer is whether they are capable of seizing this opportunity or are still fixated in trying to resurrect a past that's long gone?

Business Rates unfit for purpose

Firstly, central government must ditch business rates, a tax that's so out of date it's become a barrier to innovation. It may have worked in the pre-Internet era, but nowadays it's utterly archaic. Although a government review is due to be released this autumn, there is no indication that ministers are yet prepared to make the comprehensive changes that are needed.

Role of Local Authorities & Community Stakeholders

What makes a place unique

Secondly, local authorities must not only change the way they view smaller businesses – we have heard too many troubling examples of how they are treated very differently to larger businesses who have lawyers on their side. But also completely change the way they view their local high street and recognise that it's not a council cash cow, but an important ecosystem that needs constant support.

Still too many Councils see town centres as an important source of income generation on a ridiculously stretched budget line. Years of austerity, paring essential services to the bone, directed many councils to understandably look at how to generate income.

But parking charges, loo charges and charges for market traders, pavement licences etc. have all undermined independents and made the environment less supportive to their needs.

This has to change.

Councils need to see these essential town centres services and facilities as a basic core offer for a community focussed town centre and fund them without direct charging.

Successful town centres are not simply built on huge retail outlets, it's the small details and constant nurturing that makes all the difference.

Cleanliness, attractiveness, digital signage, events and safety are critical details that are frequently overlooked. Making sure town centres are not only litter-free but attractive environments with ample green space and aesthetically pleasing public realm helps develop a sense

of place. So too does regular events. And prioritising safety also drives civic pride. After all, there's no point focusing on big, shiny developments if people still don't feel safe or at risk of crime when they venture into town.

A good cultural and food offer can help with this, particularly in terms of strengthening the local evening economy and making families feel welcome.

Similarly, councils need to recognise that the stewardship of a vibrant town centre is something that needs to be done in partnership with other groups that give business and wider community stakeholders a bigger voice.

Previous Grimsey Reviews have acknowledged the need to follow Scotland's lead and introduce Community Improvement Districts (CIDs). It's encouraging to see MP Danny Kruger's Levelling up Our Communities report recommend that Government introduce CIDs, but sadly this has yet to be acted on.

This is an interesting model to support high streets and brings new leadership, fresh resources and diverse stakeholders together to tackle complex problems, such as the need to create safer environments.

The example of a North Glasgow CID's actions over Christmas shows how this model can break a spiral of violence and take critical steps towards rebuilding communities. In this case, the local authority had not been able to put up a Christmas tree because it was repeatedly vandalised or set on fire. This affected Christmas trade and made it harder for independents at a time when they should be seeing their takings increase. However, following the launch of a CID, a tree was funded with individually decorated baubles that paid tribute to everyone in the area who had lost their lives due to knife crime. This intervention made all the difference.

As a result, it became a veritable shrine and no one touched it. The tree helped boost festive spirit and ensured local traders enjoyed a crime free Christmas and surge in takings.

These partnerships are explored in more detail in the 'Together we are Stronger' section, which also shows how independent traders are building powerful alliances to improve their high streets and create environments that are all about memorable experiences.

All these examples serve as a reminder that building vibrant, safe communities requires strong leadership – and councils cannot do it all on their own.

In many ways, the Christmas tree is symbolic of this chapter's central argument; that smaller solutions cannot be overlooked when trying to create welcoming, distinctive environments.

Leadership is Key

There is, however, one big thing that councils should remain fixated on – and that's leadership.

Towns cannot rely on leadership from Westminster to turn around high streets and make them fit for a vastly changed post-pandemic world. They need strong and stable leadership at a local level to drive this change – and they need a plan. It won't happen by accident.

When there's a high turnover of leaders over a short period of time, this can lead to an unstable culture that lacks certainty of direction and long term planning, where quick visible wins are preferred to the longer term commitment of the smaller, agile solutions that need deep understanding, experience, nurturing and relationship building.

Birmingham Council, for example, have had nine chief executives over a six-year period. Plenty of other authorities also suffer from this 'merry go-round' culture. South Ribble Borough Council, for example, has had five different leaders in three years.

All of which contributes to a dysfunctional and desperate culture that frequently gambles on big, one-size-fits-all, quick-win solutions rather than putting in the hard work to nurture hundreds of smaller, agile solutions that require patience and a longer-term commitment – but when combined create a much more powerful impact.

Councils frequently find it easier to get headlines and publish their achievements on political leaflets by building big retail developments or chasing big brands. It's easier to welcome an Amazon fulfilment centre into their town than it is to create an incubator that supports start-ups to take their first unit and begin nurturing a diverse ecosystem of independent shops. And it's easier to have councillors pictured in a hi viz vest turning the first sod of earth on a major development than it is to increase community ownership on high streets, create a safer, welcoming environment and develop a visionary plan to strengthen a town's identity and offer great experiences.

But just as people don't grow when things are easy, they grow when they face challenges – so too do high streets.

And more often than not, it's the little things that ultimately make the biggest difference.

A good council can make all the difference by:

- Providing clear, stable, and well communicated leadership
- Valuing the independent retail and service sector
- Accepting responsibility for its town centre and high street
- Providing a clear visionary plan (built by stakeholders) for its town centre
- Ensuring a true corporate approach is taken throughout the whole local authority toward delivery of the plan
- Structuring its delivery to best support the needs of the town centre, (it is not uncommon for up to five or six different departments to be involved in operating its town centre functions each with separate budgets, responsibilities, etc.)

Case study

The Stockton Enterprise Arcade incubator model

A decade ago, Stockton Borough Council prioritised sustaining and growing its local independent retailers, traders, and personal services sector, as a core objective of its high street transformation plan.

The Council established its first enterprise arcade to provide a supportive environment and reduce risk for entrepreneurs. They brought back into use a long-term vacant retail unit on the High Street and provided a basic refit to the building to accommodate up to five start-up businesses with roughly 9m² trading space each.

Space within the arcade was provided to start-up businesses at a notional cost of £10 per week for six months, on a flexible licence that did not bind businesses to the arcade should the venture not succeed. This minimised the risk around rent and lease obligations, a huge barrier for many people looking to start up a retail business. Critically important, the Council procured external specialist retail advice to give direct support to businesses within the arcade and wider town centre.

As the high street regeneration works progressed, investor confidence in Stockton Town Centre increased and there was a significant increase in demand for space within the arcade.

Growing demand for space and greater emphasis on the importance of independent retailers meant a larger, more prominent and fit for purpose unit to accommodate the Arcade was required.

In early 2014 the council acquired the freehold of a large four-storey, vacant building within the heart of the High Street and secured a £250,000 Heritage Lottery grant to support the refurbishment and fit out the building.

The fully refurbished arcade opened in November 2014 with 11 businesses trading from a mix of single (12m²) and double (24m²) units at a cost of £50 and £75 per week, respectively.



Businesses currently sell goods ranging from baby clothes, handmade wool garments, fine art, cosmetics, and handmade cakes along with a café specialising in milkshakes and smoothies, reflecting the department store heritage of the building.

Over seven years on and despite the effects of the pandemic, the arcade, or 'Fountain Shopping Mall', as it's known to locals, continues to develop and nurture start-up retail businesses.

Since reopening the refurbished arcade in November 2014, the calibre and type of start-up business setting up in the facility has also improved and diversified including the value and quality of goods being sold. There is now a significant waiting list of people with business ideas looking to take up space. Those people on the waiting list are also being provided with business support to help bring their idea to fruition and prepare them to take space within the Arcade when it becomes available.

A number of individuals starting off in the Enterprise Arcade have grown and developed a thriving business within Stockton Town Centre, such as Wags & Whiskers and Drake the Bookshop to name a couple.

The Council's town centre business support team also identify retail premises in Stockton Town Centre that are suitable as follow-on accommodation and will work with landlords to encourage them to offer favourable terms for businesses moving on from the Arcade.

To date, 92 businesses have taken occupancy within the premises. Of those, six are currently trading in the Arcade, 29 have gone on to trade independently within Stockton Town Centre.



Case study

Possilpark Community Improvement District, North Glasgow

Possilpark is one of the most deprived communities in the UK and faces enormous challenges with alcohol, drug addiction and gang violence. It has one of the lowest life expectancy rates of all neighbourhoods in Glasgow and a high percentage of young people are not in education, employment or training. In 2019 a Community Improvement District (CID) was launched as a pilot project to build on business and community links around Saracen Street and support local traders. It aimed to reflect the rich heritage of the area to generate new pride, while working with kindness and compassion.

Bringing together a wide range of stakeholders including the largest community-controlled housing association in Glasgow, a credit union, health centre and Glasgow City Council, one of its first tasks was to properly celebrate Christmas and create a better environment for traders to prosper.

The festive programme had gone into decline in recent years but was resurrected in 2019 by the community. The CID wanted to make this a key date in the calendar and

bring everyone together to celebrate. So they went around the local community asking people for memories of loved ones - many of whom had passed away from addiction or violence.

After widespread consultation, a Christmas tree was subsequently erected with baubles remembering local people who had died.

"There was no way [the tree] was going to be vandalised, it became a shrine," explains Phil Prentice, National Programme Director for Scotland's Improvement Districts.

This became the centrepiece for community celebrations with 3,500 people turning up for a Christmas lights turn on and local traders enjoying strong seasonal takings as a result.

"We have a long way to go but we're making good progress," added Prentice. *"You have to start with people and a story of the place. If you try and gentrify the area it won't work."*





Together we are stronger



It's almost impossible for one small shop owner to change the world. But when traders band together, they can become a powerful force for change with a much bigger voice



Together we are stronger

Independent businesses by their very nature tend to have owners who are focused solely on their business. Sometimes that focus makes it hard to look ahead and to know how best to improve and adapt. This can create a sense of living in a bubble and a feeling of isolation that has been exaggerated by the trauma of the pandemic. Ploughing your own furrow can be a lonely business and lockdown has left many businesses exposed to an uncertain future.

But despite the fractured nature of this sector, there are lots of examples across the country of independents working together. Marketing their businesses collectively and at the same time finding help, guidance and inspiration from working collaboratively has given them a better chance of thriving. These local independent associations can make a huge difference and unlock new opportunities. Why market your shop when you might be better marketing your street, village, town or area?

This group approach helps to provide collective strength and reduce the sense of working in isolation. Independents working together can be a powerful way to help make local communities a better place to live and work. As well as local grass roots organisations, there are also plenty of support groups both locally and nationally that offer crucial support and advice on how to help independents adapt, survive and thrive in times of adversity.

Together with other examples later in the review, this section introduces a wide range of organisations that exist beyond the statutory bodies provided by local and central government. There are some remarkable examples of collective associations that have grown to help small independent survive and thrive and it's critical that central and local governments recognize their role in supporting and nurturing local entrepreneurs. These figures are collectively vital to creating a uniqueness that national brands can't offer. Tapping into that opportunity is essential to the success of any place in the 21st century.

These associations come in various shapes and sizes:

- **It might be an association offering advice and support on small business matters**
- **It might be an app or a website that can transform the way businesses use the internet and encourage people to use independents locally**
- **It can also be associations offering collective ways of trading, or a craft-based association helping to improve the quality of the proposition**
- **It might be about using a network to improve the use of social media**
- **It might be to help with marketing businesses to win local support**

The Federation of Small Business (FSB)

The FSB is a non-political member lead and not for profit company with 160,000 members. The cost to join is from £147pa for up to 20 employees, but on a sliding scale upwards for larger businesses. Formed in 1974 it is still based in Blackpool with an office in London. There are 33 development managers nationally with regional boards that feedback intelligence and information to the central FSB.

The FSB acts as a lobbying group on Government and Local Government. You can find out more information here. (<https://www.fsb.org.uk/join-us.html>)



Independents working with Local Authorities

The Wirral Chamber of Commerce and Wirral Council demonstrate how pandemic partnering with independents can deliver a transformational project. The collaboration did not just include bricks and mortar independents but the full spectrum, including digital.

It became clear throughout the pandemic that many smaller businesses were struggling financially as there was limited financial support available. It was also recognised that these businesses would need support to adapt, recover and grow. The Wirral Chamber of Commerce were commissioned by Wirral Council to plug this gap.

Independent Wirral was established by the Chamber to provide the support needed by independent businesses. With a dedicated website, promotion across social media channels and a loyalty card scheme, this successful initiative provides a platform for independents to showcase their products and services as well as collectively promote the unique offer that independent Wirral businesses provide.

As part of the Town Deal Accelerator Grant scheme, the Chamber also accessed funding from the Council to establish a pop-up Independent Market on Birkenhead's waterfront at Woodside. Twenty chalet style retail outlets were developed providing independent businesses with retail space to sell from. Along with the new Independent Market, funding also supported independent businesses within the creative sector providing opportunities for mentoring and skills development, and the provision of shared workspace, innovation facilities and incubator spaces to encourage collaboration, knowledge sharing and growth.

Together we are stronger

Key to Wirral Chamber of Commerce objectives was to help businesses adapt to new working practices through a series of webinars and online technology. The main issues faced by businesses included being unable to sell their goods and services, purchasing stock required to make artisan products, and very little funding available for self-employed businesses.

Independent Wirral is further complemented by a successful High Street Heroes Campaign and the High Street Heroes Week that were well received by independent businesses and residents.

Additionally, by developing a full and active Events Programme, Independent Wirral will look to attract footfall from within Wirral and further afield to the Woodside area, boosting the local economy and adding support to both the Market@Woodside Retail Chalets and Woodside Ferry Village, the food hall based in the Mersey Ferries Terminal on the waterfront.

Looking to the bigger picture, Wirral Council has developed transformational regeneration through Birkenhead 2040 Framework, a 20-year plan which sets out the most radical proposals for the town since the 1947 Town Plan.

This is a strong example of where the Chamber and the Council have worked collaboratively and have plans to ensure that independents can evolve their service offer and grow their businesses to meet future opportunities.

Independents working together during times of crisis

Indie York (York Independent Business Association) is a not-for-profit community association that was formed in response to the devastating Boxing Day floods of 2015.

Its aim was to promote and support local independent businesses who were directly and indirectly affected. The present pandemic and lockdown has affected all businesses and Indie York has again sought to support businesses through the crisis. Originally started with just 30 businesses in 2016, it now has 220 business across the City. They charge a £75 annual membership fee.

It has been sponsored by The York BID, the City of York Council and Bootham School. This has enabled a part-time administrator to look after key functions such as Social Media, dealing with information to members, organising internal meetings, public relations and the costs of printing their paper map (55,000 printed to date), their website costs, public meetings and various events.

Most members were told to close from March 2020 and during subsequent lockdowns. However, essential retail has been very well supported by local people. Many independents did not have access to online marketplaces or sufficient digital knowledge to promote their business outside their customer facing premises. Indie York increased their social media sharing and posts to 'shop local'. They saw members diversify and this included setting up takeaway options and deliveries. Indie York collated a Member Status Directory and also played an important role in sharing information on grants, furlough arrangements and loans. It has been involved in helping new Trade Associations to form in Goodramgate during lockdown and also collaborated with Coaching York to offer free business coaching. They sent out government information relating to Covid-19 restrictions, furlough information and business grants – and also put out third-party free advertising or business support offers.

Other support included providing free business advice from a local solicitor, holding collaborative walking trails in 2020 to promote independents and encouraging local residents

to take part in a socially distanced activity. Indie York has an important lobbying function with the local authority and other key stakeholders.

Commercial Websites and Publications Marketing Independents

There are some great examples of websites that have been promoting independents in key centres around the country for many years. Their contribution is vital and they not only showcase the best independents but drive traffic to their sites through excellent social media coverage as well as doing an excellent job at communicating with the media generally. They have played an essential role during the pandemic encouraging people to support Independents and shop local.

Some noteworthy local web platforms include Independent Birmingham, Independent Liverpool, Shop Bristol, Independent Life and Independent Greater Manchester.

Indie or Independent websites that charge for membership and for advertising space often run schemes for discount cards and local loyalty cards to encourage independent support. They are in some cases given direct support by Local Authorities but are essentially commercial organisations who play a key role in marketing independent businesses.

Bizleit.com has created a number of apps for Indies to use to enhance their businesses. Formed in 2014, they specialise in bringing the insight, searchability, automation and marketing advantages that online businesses have, to bricks and mortar businesses.

"There has been an increased focus onto ecommerce providing a marketplace of all local businesses now offering

online services in one place," explains Michael Lawes Director of bizleit.com. *"We have run campaigns such as 'Get Delivered' & 'Vouch4it' showcasing local businesses now doing delivery and offering vouchers. And we launched a Treasure hunting app with 1,500 hunts around the country. So now post-lockdown, we'll have another large database of engaged consumers who can drive traffic to local businesses."*

Bizleit.com also created the Eat Out To Help Out app which brought 88,000 restaurants onto their platform and over 300,000 diners. They have funded social, billboard and PPC ad campaigns, and pride themselves on helping indies grow their digital customer database and putting a digital footprint around their offer.

Retail Forums providing the opportunity for debate

Forums that create platforms for Indies to speak on equal terms are another key part of the ecosystem that's needed to help them grow. York Retail Forum is one of many forums around the country. However, this forum insists that there must be open discussion with no restrictions on who can speak.

Retail forums have for many years been dominated by the 'main players' with most being used exclusively for members only. But in York it is an open door policy with no membership required.

Phil Pinder who is the Chair of York Retail Forum explains: *"York Retail Forum was formed in the early 2000's and is representative of all types and sizes of business in the City. We have 320 shops on our database and are supported by sponsors and donations, but our costs are low and we manage on around £2,000 income per annum. We have regular meetings usually monthly and everyone is welcome."*

Together we are stronger

This includes retailers, Councillors, York BID reps and other stakeholders."

During lockdown these forums have moved to meetings online but the primary communication is through WhatsApp with regular broadcasts keeping everyone up to date on Government and Local Government news, grants, loans etc.

York Retail Forum has 170 WhatsApp members and, according to Pinder, has helped cover everything from mental health concerns to new opportunities for independents as they come out of lockdown. *"Some members of the forum have recently set up a Community Interest Company (CIC) to look to use a large retail unit that was vacated by a big chain recently,"* he explains. *"Our plans are to set up an independent multistore within the space for around eight indie businesses."*

The High Streets Task Force

The High Streets Task Force was commissioned by the Ministry of Housing, Communities and Local Government (MHCLG) to support local authorities, develop place leaders, and provide access to data and information. Its role is to help co-ordinate a national approach for town centres and high streets, and to help people make a positive difference to their local communities.

Its aim is to support place leaders to make the best decisions on the future of their high streets and how they best serve their communities, and to build long-term capacity for this local transformation.

The High Streets Task Force provides three types of assistance to independent high street businesses. It helps them to take a more active place leadership role, it evidences and explains their contribution to the vitality and viability of the high street, and it provides data and tools for

indies to improve their digital marketing, for the benefit of their business and the place in which they are located.

Part of the role of the Task Force is to help 'find' local place leaders (who are not always recognised by local authorities and other decision makers) and bring them into collaborations and partnerships that can actively manage the future of the high street.

It places a premium on the value of indies to successful and resilient town centres and is building a bank of case studies that showcase successful town centres and high streets, many of which include independent retailers and organisations at their heart, such as the Chiswick Flower Market, Withington Village Partnership, and the Upper Dales Community Partnership.

The Task Force has informed UK Government of high street trends since the start of the COVID-19 pandemic, through its Sector Leaders Group, which includes BIRA (British Independent Retailers Association) and NMTF (National Market Traders Federation). Task Force research, conducted by its Professional Research and Data Group established the vulnerability of various high street businesses, especially those with 1-9 employees that were most affected. This research provided evidence for policies of benefit to the sector, such as the current moratorium on evicting small businesses from commercial premises in England.

The Task Force also provides a range of resources to all, including independent retailers, to help them create vital and viable high streets. This includes a resource library, which features over 300 resources to support those working on and managing high streets. The Resource Library continues to grow with new information added every month and you can subscribe to receive updates as well as submit resources and case studies by contacting the Task Force

Traditional Markets

The National Association of British Markets (NABMA) was formed in 1949 and is regarded as the national voice of the markets industry. With around 300 operator members, it is primarily self-funded through membership fees and sponsorship.

Markets were closed except for essential traders and the costs of each lockdown, social distancing and making everything Covid-19 secure were primarily met by the operator. Rental losses to the sector are estimated to be in excess of £200 million. NABMA has transferred its professional development, health checks and conferences to virtual platforms, and also arranged 24/7 help support throughout the pandemic.

Markets are proven assets within town centres and communities, and despite being in a transitional period, there is great optimism of the role markets can play looking ahead. They are an important incubator to create high street retailers of the future; a key outlet in food provenance and can support the regeneration of town and city centres through tourism and economic vitality. The NABMA has highlighted the following lessons to be learned from the pandemic.

- Government, by its lack of support, seemingly still does not appreciate the economic and employment attributes that a successful market can bring to local communities.
- When drafting guidance, legislation and regulations, meaningful consultation must take place with the national organisations whose membership will be implicated.
- Making principal councils the recipient and distributor of government grants has shown that funds do not necessarily reach the target audience. Funding schemes lacked clarity and an inconsistent interpretation materialised across local areas.
- Nearly 100 parish and town councils plus CICs and private operators in their membership experienced no funding being devolved down to that most local level.
- A third of market traders have received no support whatsoever as rateable value was the primary measure being used to determine support.
- Despite all of the difficulties there are positive stories to be told from lockdowns, which is exemplified by their Market heroes awards.

Together we are stronger

Business Improvement Districts (BIDs)

The pandemic has developed into a defining moment for the future of BIDs. In the Build Back Better COVID-19 Grimsey Review Supplement published in June 2020, it was recommended that BIDs conduct a fundamental review of their proposition and look at becoming Community Improvement Districts (CID). This is even more urgent and the need to engage with the wider community beyond just businesses, bringing together key stakeholders including health, education, housing and other associations, has become more pressing to unlock local economic potential. Therefore, the recommendation to migrate to a CID proposition as they have in Scotland is repeated in this review.

There are examples up and down the country where BIDs have played an important role during the pandemic and Sunderland BID is one such case.

The Sunderland BID Experience

Sunderland BID was formed in 2014 and was successfully re-balloted in 2018. They have 850 businesses in their area and 430 of those are levy payers. The 400 plus other businesses are smaller businesses whose lower rateable value means they pay no levy.

Sharon Appleby CEO of Sunderland BID explained how Sunderland managed generally during the pandemic. *"It has been a tough year but because of the makeup of our area we have continued to be busy. The population here is less reliant on office work so people simply carried on working. The footfall relatively kept up. Lots of people have been shopping in local shops and supporting independents. Business has held up well and some have done really well with a local deli and a cake shop having queues up the street. Some have had to pivot and adapt but this has produced positive results."*

There is a growing awareness that independents are a key part of high street and the levy payers really appreciate the role that independents are playing. There have been new businesses springing up with three new restaurants setting up recently.

Some of the businesses that have been closed have subsequently invested time and energy in websites, social media and making improvements on their premises. It is these businesses that have been doing all they could to pivot their businesses to change and improve that will come back strong.

Sunderland has seen a huge amount of investment in the area with £670m investment secured for growth and Future High Street Funding. This is being matched by support to nurture smaller businesses.

Sharon Appleby went on to say: *"The retail incubator hub*

in Sunderland with lots of small units suitable for micro businesses is being set up for businesses to try out ideas and learn. The BID needs to play a key role in helping Independents prosper."

Symbol Group Collectives of Independents

Many independent businesses and, in particular, convenience stores operate within groups under one banner.

One such group is Nisa, which was originally founded as the Northern Independent Supermarkets Association.

Nisa was established in 1977 and is owned by the Co-op. There are approximately 3,000 grocery/convenience stores across the country that sit under its banner however not all the Nisa stores display the Nisa logo with many choosing to use their own branding. All of the stores are independently run but their relationship with Nisa is based on an annual membership fee.

Nisa provides its members with the advantage of bulk buying low cost stock. The Nisa margins are low and they rely on volume selling to their stores across the country. The role of Nisa is to help to improve the sales of individual businesses with back office improvements, possible store re-fits, support with stock control and point of sales promotions while seeking to improve the professional

standards in each store.

Nisa stores played a big role in providing groceries to local areas during lockdown. This would have been crucial for those that were unable to use the big supermarkets either online or buying in store.

Richard Shorney who is a Retail Development Manager for Nisa explained: *"Nisa stores are a key part of many local communities and not only provide groceries, but are a crucial aspect of the local high street. As part of their community focus, Nisa operates the MADL charity, which stands for Making a Difference Locally, and donates a percentage of turnover to local charities in the Nisa store area."*

Conclusion

This research has demonstrated that there is a great deal of organized help out there for independent businesses. Some of this has been available for decades, but plenty of new associations like Independent Wirral are emerging to meet the changing needs of small businesses. This should be encouraged and the growth of localized groups and organisations that can give independents a bigger voice, stronger buying power and greater influence over key decisions that affect their trading environment is a much-needed development.

There is a widely held view among independents that the long term answers for their sector will not necessarily come from government or local authorities. Shops know they are not a priority for local government and a deep-rooted skepticism has built up over years. They feel they are not understood and will be left to their own devices at the end of the day.

The only way forward to help independents continue to beat the odds and exert a more powerful influence on high streets is to look to those organisations and associations that have independents as their focus, understand the huge challenges of running these businesses and can offer sound advice on how to adapt and change.

Increasingly independents can see the advantages of working together with other independents, and this spirit of collaboration must continue.

Local authorities must also embrace the same spirit and see these organisations as allies to partner with rather than a threat. By working together, they can enable a well curated cohort of independent businesses to create a unique offering, which will benefit the local community and strengthen a town's brand to attract visitors and generate a thriving local economy.

The Cinderella of the High Street

The UK's £30 billion beauty industry is a high street powerhouse at the forefront of a growing 'experience economy'. But its huge high street presence masks deep seated debt problems and deteriorating working conditions



The Cinderella of the High Street

When Britain went into lockdown last March, many charities went into overdrive. One of these was the Hair and Beauty Charity. It may not be widely known, but it has a heritage dating back to 1836 and has long provided vital support to hair and beauty professionals that have nowhere else to turn.

Not long after March 23 when the Prime Minister ordered all non-essential shops to close, their phones started ringing more frequently than usual. The charity was used to dealing with people who are struggling, but over the coming months they became overwhelmed with cries for help.

Suddenly hair and beauty salon owners found themselves unable to pay creditors and backed into a corner. As landlords and creditors continued to call and aggressively demand payment, the pressure began to mount.

Many turned to their insurers knowing that they had business interruption cover for government closure and notifiable diseases such as the plague. However, insurers were not taking calls, and the ones that did often advised owners to continue paying full premiums only to then deny new claims for flood or theft due to being already interrupted by the pandemic. This battle would ultimately end up with the Financial Conduct Authority taking insurers to court.

Panic quickly turned to desperation. Furlough offered some relief, but it didn't help business owners cover employer costs, let alone service other mounting debts. Then came the local authority grants - although most had to wait for weeks, some waited for months to access them. More often than not it needed the involvement of your local MP to get grants paid.

While ministers trumpeted bounce back loans as a lifeline for small businesses, many salon owners couldn't access

them. Business owners surveyed by Salon Owners United support group during Aug 2020 revealed that only 43% could access bounce back loans and only 3% could access CBILS. The survey was submitted to Downing Street along with 126,000 signatures pleading for help.

A pattern was forming in that, while ministers talked up the help they were offering to small businesses at Downing Street press conferences, many were falling through the net and struggling to get the help they needed. In February of this year it was revealed that 87% of a £1.6 billion Additional Restrictions Grant Fund had not been paid to businesses, despite the scheme being launched by government four months earlier.

For every day of this torturously slow process, businesses were pushed closer to the edge. Support groups started up to help salon owners navigate these uncharted waters.

Another Government initiative that salons were unable to benefit from was the Kickstarter scheme. The industry employs 16,000 apprentices, all of whom will have had training paused over lockdown. This meant that when the National Minimum Wage rises kicked in, a huge number would be eligible for not one but two pay increases. Masses of apprentices were let go with business owners having no choice as they had to cut their cloth accordingly. The Kickstarter scheme could have saved these jobs but salons were continually denied.

Before long everyone was being forced to borrow from wherever they could. Personal credit cards and loans were all exhausted before people started to remortgage houses. When the second wave hit, businesses were operating at 60% capacity or less. Staff were having to self-isolate and whole businesses were being told to repeatedly isolate when customers tested positive. Many salons and businesses simply threw in the towel.

As businesses that people had spent many years working hard to build began to fold, the pressure took its toll. A 2020 survey of the Association of Chartered and Certified Accountants showed that one in ten small business owners were contemplating suicide.

As shocking as that statistic is, it barely begins to tell the story of the anguish that engulfed the hair and beauty sector. The only way some owners could get a loan was to give a personal guarantee against their home. This put them at huge risk and when family homes started being lost, it tipped many over the edge.

Among the stories that have subsequently surfaced are husband and wife suicide pacts, mental breakdowns, overdoses and people being sectioned.

The toll on people's mental health has been incredible. Over 7,000 businesses have been forced to shut down altogether and tragically the sector doesn't have a strong industry voice and is generally seen as an afterthought by policy makers.

While other sectors' industry voice was heard loud and clear, and there were even calls to create a Hospitality Minister at one point, it was left to a few journalists to question why a huge sector was being left behind.

"What £30 billion business employing thousands of workers has been treated with barely concealed contempt by government decision makers and has been at the back of the queue when it comes to being freed from lockdown?" demanded TV presenter Lorraine Kelly.

The answer was remarkable given that the hair and beauty sector makes a bigger contribution to GDP than the car manufacturing industry and has become a powerful force in the changing high street landscape.

Latest figures from the Local Data Company show that, as a percentage of units on the high street, hairdressing, health and beauty have the most shops. Not only is it the biggest sector on the high street, it's the fastest growing one.

However, it's also the most fragmented one and is a case in point of a sector that needs strengthening if we're to 'build back better'.

As one of the most precarious sectors on the high street, worker rights have been weak for a long time. But during lockdown they've deteriorated further.

Fundamentally, there are two business models employed across the sector, which has created an un-level playing field. If the industry has any chance of recovery, this must be addressed.

The first is the employed salon model, which covers the majority of VAT registered businesses. Out of the reported (ONS) total UK salons and barbershops of 49,000, only 12,600 are VAT registered. The average wage bill of an employed salon cost to turnover ratio is 47% - 52%, which compares to 10 years ago at 35% - 37%. This shows an increased cost in employment and why many have moved towards the second model - the 'Self-employed/rent-a-chair' model.

These businesses will usually operate under the VAT threshold with a self-employed workforce whose status would most likely fail the employment test under the Good Work Plan that came into place in April 2020.

The divide between the two models has become even more stark during lockdown with thousands of workers shifting to self-employed status. Current (ONS) data reveals that the self-employed market has grown to 61% for hair and 63% for beauty. This is a rise from 56% in 2019 for hair and 59% for beauty.

The Cinderella of the High Street

This not only means lower pay, a lower tax take for the Treasury and weaker worker rights, but increased pressure on legitimate businesses caught in a race to the bottom. They have an automatic 20% VAT disadvantage and then additional 13.8% employers on-costs and will have no wriggle room available, being the ones at most risk of failure.

One thing, however, could immediately stop this race to the bottom – and that's proper regulation.

Many will be surprised to learn that the industry is actually not regulated. Anyone can trade as a hairdresser, barber, beauty therapist or even an aesthetics practitioner. You can literally do an online course for £8 to get a diploma in hairdressing, barbering, beauty treatments or a week's course to be able to inject Botox before you start trading as a business. This means the beautician carrying out a Botox treatment or the aesthetician reshaping your face with a dermal filler may not hold any proper qualifications.

Not only is this shocking, it also poses real risks to public health and safety, especially with a complete lack of control in non-commercial premises.

And it's not just beauty salons that avoid regulation. The UK is one of the only countries in Europe and North America where hairdressers and barbers aren't regulated – despite the best efforts of the Hair and Barber Council. As a Statutory Authority empowered by the 1964 Registration Act for Hairdressers and Barbers, they are tasked by the government to maintain a register of barbers and hairdressers in the UK. Whilst many legitimate professionals have signed up to the voluntary register, many chose not to in order to maximise earnings and avoid any professional scrutiny. This has resulted in a saturation of unqualified underground traders which has, in turn, forced pricing down. Consequently, many legitimate bricks and mortar

businesses were already on the backfoot even before the pandemic hit.

This race to the bottom has only got worse because of poor enforcement of the Government's lockdown rules. Many responsible industry professionals reported some salons staying open via a back door and some self-employed hairdressers working illegally from house to house during the pandemic. But frequently nothing happened, as police would tell industry professionals to "call the local authority" only for the local authority to direct people back to the police.

Consequently, an underground market was allowed to flourish whilst the compliant professionals watched in despair. Every area of the sector suffered the consequences of illegal trading and we are still witnessing a fall in customers returning to high street salons or barbershops. Unless the Government gets to grips with regulation, standards will continue to slip, low pay will become a permanent feature and human rights abuses will be more frequent.

When the Modern Slavery Act was passed in 2015 to crack down on illegal workers and trafficking, the beauty sector and, in particular, nail bars was singled out as an industry most at risk. Britain's anti-slavery chief has subsequently stated that most recommendations made by her office in 2017 on tackling the issue – including regulation of nail bars – have not been implemented.

Latest Home Office statistics show a huge rise in people entering into the national referral mechanism, which supports victims of modern slavery. And reports that more children are involved in slavery than ever before in the UK, suggest that high streets everywhere are potential hotspots.

All of this paints a worrying picture of a sector that's become an anchor feature in virtually every high street across the UK. It's a sector that's drowning in debt and employs more than 600,000 people of which more than 80 per cent are women.

And it's a sector that powerfully illustrates how sinking standards, a lack of regulation and a tsunami of debt shows that beyond shop signs, the social fabric of our high streets is fast unravelling.

While ministers have spent months urging people to get out and spend, they've fundamentally ignored their duty to create the right environment for responsible business owners.

If we're going to truly 'build back better' then we need much more than just infrastructure. Initiatives like the Future High Streets Fund have their place, but a challenge that's yet to be addressed by ministers is the urgent need to create greater security for businesses and safety for their customers.

Case study

Suicide pact

A hair and make-up artist of 23 years, who runs a bridal hair and make-up agency business and has freelance artists on her books.

She had multiple bookings 2-3 years in advance of her clients' wedding dates.

In 2020, she was only able to do seven out of 100 weddings that she had booked in. Clients were postponing and cancelling every day and she lost around £30K income in comparison to the previous year.

Her husband, newly self-employed and also unable to work when Covid-19 struck, was earning nothing and received no government financial support. They had used every penny of their savings to pay the mortgage and bills.

She faced the very real prospect of having to close her business, and was struggling to work out repayment plans to refund 100+ brides over the coming year.

Struggling with a family to feed and a mortgage to pay, her mental and physical health deteriorated. They both contemplated suicide so that their children wouldn't be made homeless, as they hoped their insurance payout would cover the mortgage.

Hair and Beauty Charity made Case 1 and her 2 children beneficiaries of the charity for one year. The family will receive four quarterly payments towards the cost of living, and both children receive monthly pocket money.

The UK's hair and beauty sector urgently needs:

- Proper regulation - to ensure public safety, guaranteed standards and allowing the professionally qualified to take back control of their industry.
- VAT reform to create a level playing field for all
- Upskilling - business owners need the skills to equip them for challenges facing the sector
- A credible industry body to powerfully represent its interests to government



Case studies section

To capture the nature and extent of changes made during the pandemic, managers and owners of independent retail, services and hospitality businesses submitted evidence in three areas. They highlighted changes in the **structure and position of the business, changes in marketing activities** and provided observations about the **nature and level of support** the business had received. As well as outlining the changes, owners were encouraged to reflect on issues of impact and identify where further support might be required moving forward. The evidence is presented in the form of case studies and examples, and this section also draws on existing secondary information where relevant.

A. Changes in structure and position of the business



Thank you

Case study

Taking risks and accessing the right support

The case study chosen for this section focuses on an independent business established in the middle of the pandemic. It illustrates how the business has used technology to access new markets and increased its chances of long-term success by accessing appropriate, forward thinking support from Enterprise Nation and experiential retail operator Sook.

Fidan

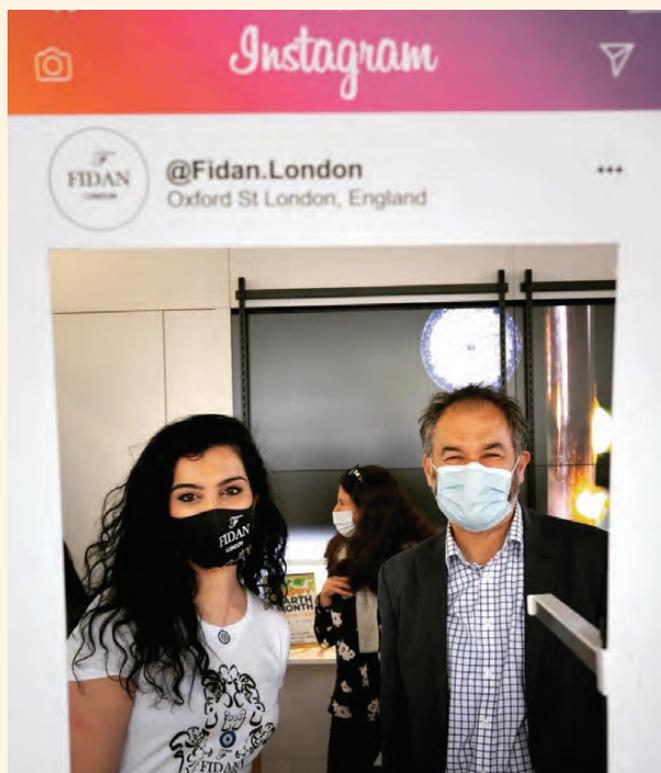
Twenty six year old founder of Fidan London, Gulten Geneci, started her jewellery business during lockdown. After starting to do research into vendors and learning how shipments might work, she managed to secure deals in both China and Turkey. Although the risk of ordering online was much greater than buying in person, she invested small to begin with to build trust.

Gulden found good returns and refund policies in the online environment and attentive vendors keen to keep customers. To give more meaning to her brand name FIDAN, which translates from Turkish into sapling, she chose to plant saplings, with one tree planted for every purchase. As well as having personal significance, as her late mother's maiden name, she knew this would resonate with her target customers concerned about minimising environmental impacts.

'My business started off really slow as I was relatively new to the online business world,' she explains. 'I had to try a range of different techniques for online sales to see which worked. Initially I made investments in Facebook/ Instagram advertising. Although I learned a lot about digital marketing

through this experience and generated followers, the money I put in, didn't equate to more sales. This is when I started to use Google analytics. By using analytics, I was able to see where the customers were coming from, and able to optimise the site by placing the cart in a more visible location, by adding discount codes as pop ups and even trying techniques like free shipping to better understand my target audience, females between the ages of 16-45.

'I also used Influencer Marketing, by 'gifting' certain pages with a high following count rather than paying, and seeing if they would help! Through this, I managed to figure out the types of pages that shared the same audiences and ones that got me more followers and sales. I also collaborated, by posting with other small businesses to gain traction and help each other promote across our brands with pictures/ tags etc. Finally, I used interactive marketing to study my target audience, using Instagram features and new tools they release such as Reels which are focused on supporting small businesses. Having an interactive element did help in providing a more unique shopping experience, which is one thing I have come to appreciate since the pandemic.'



The Pop-Up experience

At the end of April 2021, Gulten came across a BBC article that highlighted the hybrid model of shopping and showed how Enterprise Nation had partnered up with SumUp and Sook stores to host small businesses as pop ups in Oxford street. She jumped at the idea of discounted hosting in Oxford Street and began preparing to take up a space.

'I had read online, that to be successful within physical retail, they're predicting brands, especially small businesses, have to be innovative and more interactive to incentivise shopping,' she recalled. 'For me, it was the experience of a store that attracted me more than the sales. The minister for small business, Paul Scully MP, attended on the day I was there to hold a red ribbon event and we had the chance to be introduced where he asked me a few questions on how the pandemic had affected my business. Overall, I have had a great experience during the pandemic. It has kept me busy and enabled me to better understand my market. The pop-up enabled me to experience the hybrid delivery system and it definitely worked. Followers who prefer to shop in person as well as online were able to attend and, moving forward, I will look for opportunities to hold pop ups for my brand but keep it predominately online. I have realised the more time for learning and investment I put in, the more the rewards will come. So far we have planted 500 trees across the world with One Tree Planted including Philippines, Australia, Iceland and the British Columbia.'

Getting the right support: Hello, world

An empty shop in Oxford Street forms the backdrop for a new retail 'school' that's creating the next generation of high street entrepreneurs and piloting a model for national roll-out, enabling online sellers to test physical retail and meet customers in person. Hello, World, is a comprehensive package of retail support from the UK's fastest-growing small business network and business support provider, Enterprise Nation, and retail experiential operator, Sook. Early stage and start-up brands pop-up in the Oxford Street store and receive training in how to construct an effective hybrid approach to selling. This includes online resources such as research into consumer habits, how to attract footfall, and building ever stronger connections with customers who have purchased from and supported small businesses over the past year. Brands are able to access the shop for as little as a day or a specified number of days and can opt to take it over solo or collaborate with other brands for a one-off fee.

The partnership of Enterprise Nation and Sook offers founders the ability to effortlessly move into retail space, along with training on how to make the most of the experience. The shop was opened on the back of research from Enterprise Nation showing that almost three-quarters of small firms (68%) are making firm plans to return to physical selling. Applications to pop-up in the shop were filled within two days. Emma Jones CBE, founder of Enterprise Nation, says: "*There is no doubt*

this is an extraordinary moment for British high streets. To say they have changed beyond recognition would be an understatement. "It's clear what happens next will be crucial in shaping their future. While our high streets might look bleak right now with an exodus of large retailers, small businesses are preparing to return. "The question on all our lips is 'will it work?' - this initiative is designed specifically to give them a good grounding to help small firms re-take the high street."

The Oxford Street project is a pre-cursor to national expansion as Sook and Enterprise Nation join forces to deliver the physical kit-out small businesses need, at a cost they can afford, and with wrap-around support as part of the deal. The companies are in discussions with retail and commercial landlords, plus local authorities on how they can plug in their small business solution to spaces and places across the UK.

Founder of Sook John Hoyle says, '*we need to re-think the way the high street operates and give start-ups and new businesses short-term, frictionless access for brand-building and experiential opportunities without the need for long-term financial commitment.*'

The partners are working with major technology brands with mobile payments solution provider, SumUp, supporting the Oxford Street store in the month of May, and support programmes including the Amazon Small Business Accelerator and Vodafone's business-connected content being made available to tenants. For further details <https://www.enterprisenation.com/hello-world/resources/>

I. Initiating and developing an online platform

The rapid development of an online platform has been 'transformative' for many independent businesses during COVID-19. Example 1 illustrates some of the obvious impacts, with many experiencing increased turnover, operational efficiencies and access to new, often 'international' markets. Additional, less obvious benefits include enabling disparate independents to stay in touch virtually and increasing the motivation and enthusiasm amongst owners.

Example 1: The Artery Banbury

The Artery is a small independent art supplies and art education centre in Banbury, North Oxfordshire. Although the business has been trading since 2010, it did not have an online platform. In March 2020, with the help of the local BID team and ShopAppy, every business in Banbury was given the chance to develop an online shop to help them get through the lockdown. According to the owner Barry, 'Support was tailored to my business needs and

I was blown away. Within a day, we were making sales. What was interesting was that the sales weren't just from regular local customers, but orders were being posted out to almost every corner of England, as well as to parts of Wales and Scotland! It seems that many of our social media followers, who love our content and what we do, had been desperate to support us, but had no way of doing so - until now.'



Photo: Trevor Ray Hart

'By early August, we were getting over 20 orders a week and ended up setting up a Drop and Go account with the Post Office. Our new online classes were becoming more popular and our regular student numbers were bolstered by new students from not only the U.K., but also Canada, America, Ireland and France. All were people looking for creative ways to escape lockdown, even if only for a few hours. We began to do the odd free paint along session on our Facebook page with hundreds of people tuning in from these countries, plus Australia, Lanzarote, India, Hawaii, and South Africa too. This, in turn, grew our regular paid class customer base and online customers. We've now reopened and feel energised by the last year... and our online shop and classes are here to stay.'

Most critically, online platforms have enabled independents to stay connected with their loyal customer base. According to Jacky Mulligan from Shopappy <https://shopappy.com/> (who offered free support to over 3000 businesses during lockdown), 'online engagement increased and approximately half of this was prompted by businesses simply wanting to serve their customers.'

Some initially found the move online to be challenging, requiring totally new skills and capabilities. These skills relate to setting up and operating a website, organising, processing payments and engaging effectively on social media.

For many there was a sense that moving online was an inevitable, necessary part of doing business in the 21st century and the pandemic had simply forced them to develop an online proposition more quickly than they might have liked. As one owner commented, 'the lockdown pushed us to go online and it was a very good decision'. Others felt it enabled them to tap into demand for their

goods and services, which had existed for some time prior to the pandemic.

It is impressive how quickly independents made the switch. As the owner of one independent bookstore commented: 'When the business had to close on 23rd March, we didn't have a transactional website. Within five days of shutting our doors, we had uploaded all of our stock online and started to sell books through the website'. Another stated: 'Lockdown kickstarted us into getting our online offer up and running and with a few hours of paid tech support and many all-nighters myself, we got 500 items listed and available online within two weeks'.

The move online appears to have shown many independents that it is no long a case of either having a physical store or selling online. It has shown that a flexible, hybrid, multi-channel approach is necessary to respond to the needs of different consumers.

Example 2 illustrates how one business has been successful throughout using multiple routes to market.

Example 2: Seekology

Seekology launched in November 2019 to create flexible retail for independent beauty and wellbeing brands and a customer experience focused on discovery and inspiration. The company has worked with over 80 brands in the past 18-months. The owner claims to be 'passionate about physical retail', collaborating with other independent businesses wherever possible and supporting small brands to grow. Recognising that different channels have different benefits, the business currently operates across three platforms. Seekology on Oxford Street, is the company's first ever pop up,

featuring 12 independent British brands, along with 'meet the maker' sessions with free consultations and gifts. The Seekology shop at Bhuti in Richmond features independent beauty and wellbeing brands selling everything from eco-friendly activewear to vegan skincare. The store showcases present ideas such as soy wax candles, natural beauty gift sets, luxury pyjamas and more. Finally, there is the Seekology website, selling products from over 70 independent brands and offering free online skincare consultations for those who would like them.

Our evidence on the rapid development of online platforms supports research by the Federation of Small Businesses (FSB), published at the height of the pandemic. According to the research, '16 percent of small businesses developed a new/increased online presence, including delivering their offering online during the coronavirus lockdown. For

those businesses that expect to 'remain open' this figure rises to 21 percent'. As noted in section three of this section (support), the independents have drawn extensively and effectively on professional support to help establish online platforms.

II. Using lockdown as 'breathing space'

Many independents felt that periods of 'lockdown' had given them valuable 'breathing space', to rethink and refocus their business. Normally, owners have little time to think or plan, as they are preoccupied with the day-to-day running of the business. As one commented, 'Spending time away from the shop during lockdown gave me time to think about a totally new vibe for the shop'. For some, this led to changes to their product/service mix and/or layout. See example 3.

Example 3: Galtres Lodge Hotel

Rebecca and Chris took over control of the Galtres Lodge Hotel and Forest Restaurant in York in October 2018. At the time, although both businesses were well-established, with a loyal customer following, the couple had big plans for updating and refurbishment. According to Rebecca, 'we thought that 2020 was going to be our big year to start seeing a return on our investments'. However, on 22nd March 2020 at 6 pm, a guest broke the news to them about the lockdown and they realised they would have to close straight away.

This was a major blow but then it got worse. The details of the grants were announced, with the £25k grant due to be paid to smaller hospitality businesses, to be determined by rateable value. There was a cut off level at £51k and Galtres Lodge was just over that. Although there was a level of discretion by Local Authorities, they realised they did not qualify. 'After an initial sense of shock and fear, we decided our best way forward was to invest,' explained Rebecca. 'We used £50k of our personal savings and the £50k bounce back loan and took the time out to do up the restaurant and rebrand. We hoped to be able get some income from take away meals, used some brilliant fresh food offer photos and a quality Chef led menu and scheduled a launch for July 2020.'

The social media campaign massively improved their local and regional following. Some influential posts and their signature pink bicycle increased awareness. 'We transformed our yard from a bin store into an attractive covered and heated outdoor space with several tables,' Rebecca adds. 'We were allowed to place tables on the pavement at the front, due to Covid-19 planning changes. These became very popular and things began to take off. In effect, we have used the time in lockdown to improve, alter and transform the businesses. We now have a really brilliant modern welcoming restaurant and despite the pandemic and all the worries and stresses this has caused, intend to expand and open a new venue in the next few months just outside of York.'



Others made more radical changes, closing or opening stores or pivoting to serve totally different markets. For example, the Old Dairy Brewery, switched from serving the wholesale sector to the business to consumer market virtually overnight. See example 4

Another example, Confection Affection in Stroud, used the time to conduct a major refit

Example 4: the Owner, Old Dairy Brewery



'When we went into lockdown, we had to adapt and change quickly. As an independent brewery, our market closed down and our revenue stream went to zero overnight. We already had an online shop and we updated this to offer free local home delivery, click and collect. Initially, we were taking payments over the phone, but on limited staff at the brewery, this proved extremely difficult, as we had to take and process the orders then box them up to send via courier. So, I amended our online shop so it could automatically take orders for local free home delivery or click and collect, which meant it was much easier for people to order and pay online. We then just had to package up and send out the beer. Our traditional customer base is the wholesale hospitality sector, but this changed to direct business to consumer. So, we have re-focused our social media to attract the retail customer.

Example 5: Confection Affection

The refit had been planned for three years prior to the pandemic. All materials had been purchased, but the owners had never found a good time to close and remodel. The forced closure enabled them to implement the plans, whilst (initially) continuing with internet fulfilment, and have it completed by the time they could offer call, click and collect. As intended from the refit, the reconfiguration has improved efficiency of working,

ease of customer flow (by co-incidence enabling physical distancing in store too), and has delivered the improved sales through better stock access. Many other businesses in Stroud have also taken the opportunity to refit or remodel, including a sports shop, a haberdashery shop, cafes, a clothes shop and a restaurant to indicate just a few.

III. Innovation in physical distribution

As well as developing an online presence, many have innovated in terms of physical distribution. This includes delivering directly to consumers or setting up a click and collect service. Stoppards, a butchers in Southwell, began offering a 'call and collect' service to allow people to order and pay by phone. Staff helped customers put their shopping straight into their cars to provide a 'drive through' service.

Our evidence once again supports the FSB survey findings, which show that nine percent of all small businesses

started making deliveries to customers' homes during the pandemic with the figure rising to 11 percent for those businesses that expect to 'remain open'.

Many turned to more environmentally friendly delivery options such as cycle delivery illustrated in example 6. In the case of one independent bookshop, 'the majority of local deliveries were done by bike, with one member of the team cycling over 720km throughout the three months'.

Example 6: Bike Deliveries – The Bike Drop

In Stroud, the pandemic saw the birth of a local Bike Drop delivery service. Operated by a Community Interest Company, they offer bike deliveries as a sustainable method of delivery that helps not just businesses and the local community, but offers training and employment opportunities too. It is used primarily by food retailers,

such as bakeries and restaurants offering take-out services, but has also been used by Specsavers to deliver prescriptions and by a small, plastic-free retailer for the delivery of loose ingredients. The trials in Stroud have spread to other market towns within the District and the service is set to remain strong past the pandemic.

IV. Collaborating and connecting

The pandemic also created new short and long-term collaborations. Independents connected with others in the same sector but also with different types of business. It is evidence of a growing awareness of the importance of sharing specialist knowledge and expertise. In a simple collaboration, Frippery, a lifestyle boutique in Colchester collaborated with a nearby artisan coffee shop, Sir Isaacs Coffee House, to offer a click-and-collect service on its behalf. This enabled Frippery to continue serving

its customers online, while the coffee shop got more exposure and sold more coffees. Others collaborated around specific operational issues such as local delivery as illustrated in example 7.

Other independents experienced a sense of camaraderie and mutual support from being part of a larger place based collaboration, which existed prior to the pandemic. (see example 8)

Example 7: Shared delivery

As the pandemic lockdown hit, many small businesses had no way to deliver their goods to the local community. Others found themselves delivering to the same neighbourhoods at the same time as neighbouring businesses - which made little sense. The Chamber of Trade set up Stroud Delivers Local, which through a WhatsApp group, enabled participating businesses to declare when they had a delivery to a specific village or neighbourhood. If another participating business also had

a delivery there, they could shout-up that they could take the order at the same time. This, at its peak, included a toy shop, party shop, chocolate and sweet shop, a delicatessen, record store, coffee beans seller and local makers shop to combine deliveries and reduce carbon emissions. Whilst the need for the service has fizzled out, it has encouraged local retail users who call to place orders to say 'I have also placed an order with x and they say they'll deliver what I am ordering from you at the same time'.

Example 8: Kemps General Store and Bookshop part of Yorkshires Food capital

Kemps General Store and Bookshop is a gift and bookshop based in the North Yorkshire market town of Malton, located on the historic boundary between the North and East Ridings of Yorkshire. Owned and run by Liz Kemp, the Malton shop opened in 2017 and in September 2019, a second gift shop was opened on the Yorkshire Coast in Whitby. In October 2020, the Malton shop moved and expanded into the unit next door with the addition of a bookshop.

According to Liz: *'Before the pandemic, Malton was a thriving town, mostly due to the endeavours of The Fitzwilliam Malton Estate, who are the primary owner of commercial property in the town, and the Community Interest Company Visit Malton, set up by the estate just over a decade ago.*

The town needed revitalizing and a vision was conceived to promote Malton as a foodie town, which was later dubbed

'Yorkshire's Food Capital' by the late celebrity chef Antonio Carluccio. Over the years they have promoted and supported artisan food producers with the creation of work spaces and commercial units and have created a programme of regular food related events and markets including a large annual 'Food Lovers Festival' attracting more than 40,000 people and other attractions such as 'The Marathon Du Malton', which is a food based run!

They also offer 2 hours free car parking for 200 cars in the Market Place, which is a huge bonus to small businesses. With the development of this vision and the increased footfall and interest in the town, other non-food businesses have begun to thrive.'

Liz believes there is a strong sense of identity amongst the Malton entrepreneurs, which has helped them through the crisis. *'Many worked very hard to offer customers home*

delivery of everything from beetroot to cream teas and gin to eco laundry liquid. The town never appeared to run out of toilet rolls or yeast and the supply chain for these smaller retailers seems more resilient than the larger shops. Whilst people queued round the block at Morrisons, others were carefully and safely served in the local fruit and veg shops, which had found their own suppliers of bread and cake so customers could find more under one roof. The butchers, cafes and artisan food producers offered whole meals delivered as take away or ingredients kits. The cream tea offer for Valentines and Mothers' Day went crazy. There are examples of businesses, which on paper should be competitors, but during the pandemic worked together. For example, two bakery/cafes had several hundred Mothers' Day Cream tea orders and the week before, one proprietor went down with COVID and the other café fulfilled the orders for them and offered a special collection point on their premises for their deliveries.'



Photo: Olivia Brabbs

According to Katie, the owner of a trailer café business profiled in a recent Guardian report, 'the pandemic has highlighted the importance of supporting small local businesses. *'The notion of neighbourhood has really come into play. You get to know your neighbours, whereas before you had blinkers on and were just trying to survive. It's about supporting each other now, and that sense of collaboration has become really important.'*

Other independents have experienced benefits from close connections to popular tourist attractions. Kirby

Lonsdale is an example, with a strong and cohesive group of independent traders who get passing trade from visitors using the modern campsite set up by the local rugby club. The campsite is well designed to accommodate COVID restrictions and works closely with the Town Council, the local Chamber of Commerce and a Community Interest Company to promote local businesses in the town.

Independents located near to the Seafood Centre and lobster Hatchery featured in example 9 have experienced similar benefits.

Example 9: Amble Development Trust. (ADT Charitable Trust) and the Northumberland Seafood Centre and Lobster Hatchery

Amble is on the Northumberland Coast on the Coquet estuary. It has a wonderful seafront with a harbour with wooden pods for micro businesses and a redeveloped promenade and pier. It's a town with beautiful scenery, wildlife and a thriving mainly independent based high street with excellent restaurants offering training and jobs to young people.

It is a very different place now to how it was 27-years ago when the Amble Development Trust was set up to improve and redesign the area. After the coal industry declined, the town suffered from high unemployment rates and deprivation. The closure of the food processing industry in 2010 was a further hammer blow to the town. The local fishing industry was also in decline.

Amble Development Trust set about transforming the town into an attractive tourist destination with a reputation as the seafood capital of the North. The Sea Food Centre and Hatchery, which opened in 2015, have become central in attracting tourists. The hatchery rears lobster from eggs to juveniles to be released into the sea to provide improved

lobster stocks for the future. It takes five years for a lobster to become adult and seven years to be large enough to eat. The hatchery is building up stocks for the future, to support seafood restaurants and fishmongers and help independents to flourish on the local high street.

The Trust is working on developing a second tourist attraction, the Amble Board Walk. This is a walking trail on the nature reserve around the town, which features sculptures and virtual images of birds. The aim is to attract visitors who would enjoy this mix of culture, nature, sculpture, wild life, seaside atmosphere and top quality seafood. During the first lockdown, the Seafood Centre was understandably worried, yet sales have increased significantly. Andrew Gooding who runs the centre said: *'Sales of fish have increased by 40% due to local support, local deliveries and newly formed habits. With new fish smoking and crab dressing, we add value and reduce waste. Along with improved social media we now feel very positive about the future.'*



V. Responding to changing consumer behaviour linked to COVID

The pandemic has led to changes in the attitudes and behaviour of consumers. With more time spent at home, consumers have been searching for various ways to combat boredom and loneliness. Independent retailers have fared particularly well, where they have helped consumers keep themselves busy. This includes selling crafts, helping consumers with their hobbies, or supplying goods and services for home entertaining, gardening or home improvements. A retailer called Pot Gang, noticed a growing 'green thumb trend' amongst consumers who were adjusting to life in lockdown by growing their own

vegetables and herbs at home. Responding quickly to this, Pot Gang was established as a subscription service sending out a monthly box of different types of seeds for people to plant, along with instructions, pots and compost.

Other Independents have proved to be successful where they have aligned their business with a new emerging set of consumer values, focused on concern for the environment and sustainable goods, which can be valued and treasured. Example 10 illustrates this

Example 10: BLEAQ



BLEAQ is a sustainable fashion business launched on December 6th 2019 right at the start of the pandemic. The business is located at London's Brick Lane Vintage market and according to Shannen, its founder, BLEAQ offers a 'physical and virtual home to a fashion and sustainability movement, a place for experimenting, showing fashion, making things, talking and art. It is responding to demand from the art world to support, give voice to and celebrate independent, purpose driven creatives from all walks of life in this difficult time of COVID'.

Stock is sourced from many different designers and Shannen continues: *'We want our consumers to appreciate the art behind the products. Each product is unique, with made-to-order pieces taking up to 6 weeks to deliver, but our customers understand that. They get to know the designers. We are changing the way people shop. It is not just about sustainable but also slow fashion. COVID has helped in this respect with consumers looking to put excitement back into their clothes, to buy something to treasure that is special and unique.'*

Founders Shannen and Gloria saw COVID as an opportunity to expand online. *'It also was a very pivotal time for us, as it enabled us to build relationships with overseas creatives from the comfort of our own home (due to lockdown restrictions). So from Zoom call to Zoom call, we began to expand online and globally; with designers joining from Serbia, US, Canada and Berlin. We spent four months of lockdown redefining and strengthening our online presence, brand identity and continued empowering our BLEAQ creatives. We were able to extensively prepare for our grand 're-opening' with new global stock from all over the world and re-opened the BLEAQ store in April.'*

BLEAQ has become a stronger brand and entity as a result. As for the future Shannen comments: *'Our dream is to bring life and love to a (disused) building by reimagining it as a multi-functional hub for BLEAQ'S independent designers and its extended community. It will consist of shop space for independent designers to stock their work, UK & Overseas designer shows and exhibitions, open-workshops and talks to address social, political and environmental issues, on-site creative workshops and sewing facilities for designers to utilise. We believe this all-encompassing community atmosphere is the future of the creative industry.'*

It is difficult to predict exactly which changes in consumer behaviour are likely to be permanent. For example, in some sectors consumers have made significant structural changes in their homes to accommodate a new COVID way of life. Many have set up gyms and in house entertainment spaces and consumers of the game featured in example

11 face the uncertainty of knowing if their customers will literally 'come out to play' again. This additional uncertainty reinforces the need for independents to continue to be flexible and respond to changes and new opportunities as and when they occur.

Example 11: Axion Now Games retailer

Prior to the pandemic the business had three parts. First, it was an events and retail centre for the card game (mind sport) Magic the Gathering on license from Hasbro. Events have taken place since February 2014 in Amersham, Buckinghamshire, hosting approximately 250 players a week. Second, there is a roadshow of card-playing weekend events for between 300-1000 players. These tend to be based in or near town centres, creating footfall and business for the local area. Third, there is a small e-commerce platform to support players to buy cards for our events.

According to Elizabeth, the owner, the business is 'exactly the profile that is envisioned for the future of the high street'. *'We are a destination location attracting around 250 people a week to Amersham. We run local community events for individuals, families and groups on a weekly business, including competitive and casual events for all ages &*

backgrounds. We are embedded into our local community of players who come to events each week. We also attract players from up to 1.5 hour travel distance. We create a great deal of custom and footfall for the local town. Our customers stay in Amersham with us between 2 and 8 hours, thus using many local facilities. We have strong relationships with local hospitality outlets'

The business attracts players of all ages. Families with children, older players, school aged and a core market of 20-35 year olds including engineers, computer people and chess players. When the pandemic hit, events were immediately cancelled and income crashed overnight. Elizabeth describes how the business reacted quickly in three ways. *'First, we needed to manage costs down: we cancelled all casual events helpers and negotiated with the landlord to defer rent payments. Second, we explored all forms of external income support: we took*

advantage of all govt support including loans. We also turned to social media, reaching out to our community of UK players, and explained to them that it was up to them whether we survived. We encouraged them to use our ecommerce platform and established ways that our community of players could 'forward pay' for their events. Our third strategy was to consider new forms of business development, including online gaming, expanding our ecommerce platform for 'Magic the Gathering' cards and accessories, expanding our distribution channels, with a trial on ebay, and expanding our product offering by adding a new trading card game (Pokemon). Some initiatives were successful, other failures. We hired a google ads expert, to take our platform to a national audience, that is what has kept us growing, we found that our passion for community and quality service can translate online: people love a business with heart and personality wherever they find it. On the other hand, our test for 'online' events, with little success. We discovered the market for online gaming, and our 'table

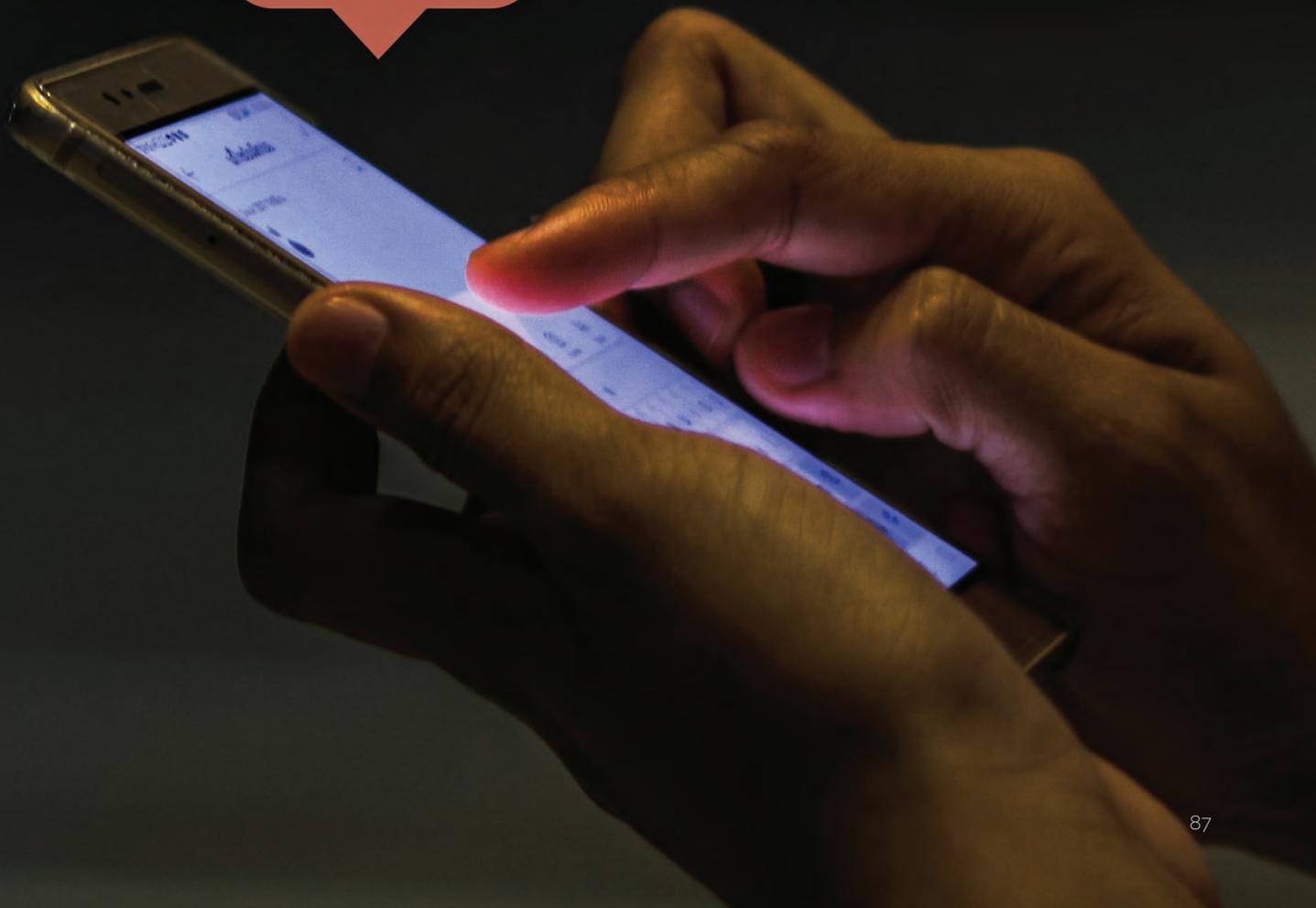
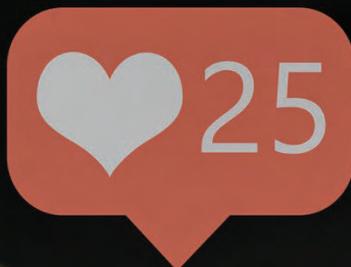
top' gaming are completely different, neither our business model nor our established player base were compatible. We are still testing other business development strategies.

So looking to the future. On the brightside, we now have an online business with a turnover of about £600k per year, so online sales has more than filled the gap that events & retail left behind, by quadrupling in size during Covid. We are exceeding our income prior to the pandemic. We are making income from selling the cards themselves so players can carry on playing in their own homes. We are still 'on-hold' for our events programme: there is immense uncertainty surrounding the return of our large events. In terms of the unknown, we simply do not know if the business will survive carrying all the extra debt (govt loans & VAT still owed) with the extra costs e-commerce brings. We will continue to rise to the challenge, and stay light on our feet.'



B. Changes in marketing activity

This section highlights how independents have changed how they communicate with customers, changes to the product/service mix and any new systems or technology adopted to improve customer relationships.



Case study

Leveraging the power of social media

This case study demonstrates how proactive and creative use of social media has opened up opportunities, not only to engage with existing customers, but also to communicate with new customers in a global market place. The support provided by Maybe*, helping independents to use social media was widely commended.

Keith Scarrott Shoes

Established in 1975, Keith Scarrott Shoes designs and creates 'beautiful, wearable, stylish shoes and boots'. They offer exclusive collections which are designed in Cheltenham, Gloucestershire and delicately hand made in Italy or Spain before being shipped worldwide. According to the owner, Sophie: 'The pandemic allowed us to implement positive changes in the business that we previously may not have considered. We used the time to train and explore where best to place financial investment. We set up a photographic studio so now all products are shot in house. All our lifestyle campaign shoots are now completely done within the business. The models we used for our AW20 campaign are students that work in their holidays for us. We do all the hair, make-up and styling ourselves as well as the photography. I direct all the shoots. These are all new skills that we have acquired in the last 14-months. It's an incredibly exciting time for retail. The pandemic has given us the breathing space to really work out where we want to go and how we want to do it'.

The pandemic has reinforced Sophie's view that the future for retail is hybrid, combining a strong online and physical offer. 'We have pivoted and adapted throughout, for example, increasing our product range last summer to include a hugely popular line of trainers and country boots as customers moved towards a more casual lockdown wardrobe. It was that flexibility which helped to accelerate our growth beyond all expectations.' According to Sophie 'it has also allowed us to push forward with our digital

plans at a much faster pace than planned. We have worked really hard to master the online platforms we use, which thankfully, has led to a phenomenal growth in sales – over 400% - which is enabling us to take this leap into a digitally led retail future. We have already started the recruitment process to enhance the team and the business has focused on harnessing the power of global digital platforms like Instagram and Facebook to increase their reach during each lockdown.'

With everything pointing to a digitally-led flexible hybrid shopping future, a decision was made, after 45 years of independent trading on Cheltenham's Promenade, to close the brands shop in Cheltenham in July 2021, whilst it's operational headquarters will remain in Cheltenham. But as Sophie is quick to point out, '*although we are closing our Cheltenham store we are 100% committed to the British high street. The lease on the Cheltenham store is up and although we still trade incredibly well through that store I really feel I want to jump on other exciting opportunities now I have the chance. If the lease wasn't up we would still happily and successfully trade there. For me the challenge is to successfully combine our online presence with the British High Street. We've recognised landlords and councils are being more flexible with rents and leases, which presents us with exciting options for our Pop Up campaign. We also love the idea of collaborations and store within a store models. John Lewis have proved they are ahead of the curve with their Great British Exchange. There is plenty of space on the high street now for entrepreneurial brands to do something different. I love the idea of every town regaining their identity. Why does every town look the same now? Let's change this!*' 'Modern retail really excites me. For us, I believe that a

flexible and fluid trading model is the future, partnering with exciting brands and retail spaces and being able to respond to targeted customer demand and partnership opportunities, utilising digital insight to drive our activity. We're already getting started – you'll find us at an independent boutique pop-up shop in Oxfordshire and we have plans to take part in pop ups in Cheshire and London soon. We want to do things differently, taking an established independent business selling footwear, which has traditionally been difficult to sell online, and to shake things up. Buying behaviours have changed. Customers who were once reluctant have now made the switch from physical to virtual browsing and are comfortable shopping online. From a largely regional customer five years ago, social media and the website has helped us to reach an international audience which is brilliant.'

Getting the right support: Maybe*

Sophie is quick to acknowledge the tremendous help the company has received from Maybe*, the Cheltenham BID and Cheltenham Borough Council.

During lockdown Maybe* worked with the Google maps API to identify 3.9m UK businesses with a physical location and sector. From their web addresses, they have been able to identify all of the organisations' social media handles. According to Polly Barnfield CEO of Maybe*, their technology goes back daily and collects the social media posts and engagement from those businesses and publishes that data into;

The Maybe* dashboard that uses AI to enable every business to compare their performance and engage with relevant content easily and improve the ROI of any advertising spend.

The Maybe* platform is available for any other organisation to use. For example, any shopping centre, town centre can display and constantly up to date curated version of their place based upon what all organizations are publishing in their selected area. This provides 3,600 High Street Guides that update daily and link all digital and physical content together.

Maybe* has also just completed the integration of Visa, Mastercard and Amex using messenger and WhatsApp, which means they can now link offline transactions back to digital touch points and show offline retailers how their digital activity is impacting in store sales. And most importantly it turns every instore transaction into a local promotion

'This all means that we can report on what is working digitally for any businesses in any place or sector across the UK,' explains Polly. 'All data is broken down by Indie or National business and covers all organisations not just retail. Our biggest challenge is that not enough people know that we offer a free forever "lite" version of the platform and we are working with Local Authorities to provide fully funded paid licences to indies across the UK. Over 100,000 businesses now have fully funded access to a set of tools that enable them to connect their online and offline worlds and see what is working.'

Commenting on the progress made by Scarrott Shoes, Polly states, *'to expand after 12 months of Lockdown is extraordinary. Sophie's story provides inspiration to independent retailers. She has put in the "digital sweat" and learned how to use digital to complement offline to such an extent that she now sees digital as the "road" that brings people to her store. She knows how to sell and has translated that to all digital channels. As a customer, you are served by her no matter which channel you visit. I have no doubt that she will fly even higher with her new model that represents the future of the High Street. Go where the customers are, online and offline.'*

Offering new products and services

Many independents offered new products and services in response to changing customer behaviour seen in lockdown. The retailer in example 12 offered a new range of products to keep pets (as well as their owners) entertained. Others developed innovative ways to repackage services as products, delivered directly to customers. The owner of the paint box ceramic café featured in section three 'investigated brand new products and craft kits, more suitable for children at home. Mess free and letter box sized, which could be posted without having to physically go into a post office'. The business in example 11, in the previous section has switched from generating income from staging events to selling more cards for customers to play in their own homes.

Others have experimented with new delivery times (Example 13) or scheduled personalised 'visits' and browsing opportunities (Example 14).

When making changes, the priority for independents throughout the pandemic has been to respond quickly and flexibly to customer demand. As the owner of a speciality wine shop in Southwell explains in example 15.

Example 12: Wags and Whiskers Pet Boutique

The Stockton Bid compiled a series of 10 short videos, which featured independents sharing their experiences during lockdown. The series 'Humans of the High street' featured a pet boutique that has seen sales grow dramatically during the period. According to the owner, during a normal week before the pandemic, the business would do 5-10 deliveries. In the first week of

lockdown, this rose to 150. They have been 'crazy busy' and introduced a range of new products to keep pets occupied during lockdown. The business has seen phenomenal sales. For example, in their new Lockdown Treat and Chew Boredom bags retailing for £10 and containing a selection of natural long lasting chews for pets.

Example 13: A new day for the market – Vintage Mary

Due to the social distancing measures, Stroud District Council could not accommodate the popular Vintage Mary market on a Friday (once non-essential stalls were permitted). To accommodate it, they moved their Vintage Mary market after 40 years from Friday to their own dedicated market day on a Monday. This has not only benefited the Vintage Mary Market by allowing extra

space to trade safely with distancing, but it has also benefited neighbouring shops and reenergised Stroud on a Monday. The change has been made possible by the loyalty of customers and the power of social media, which has been instrumental in getting awareness and support for the switch.

Example 14: Innovation at Mostly Books

Since taking ownership of the business in May 2017, its owner Sarah feels she 'Hasn't really looked back'. The business has gone from strength to strength in the last four years, with a full shop refurbishment, an extensive events calendar and increased local engagement in schools and across the community. In fact, Mostly Books was named 'Bookshop of the Year' in 2019 by Bertrams Wholesaler and has been shortlisted for 'Independent Bookshop of the Year' for the last four years at the British Book Awards.

The business had to close its doors to the public on 23rd March and remained closed until 16th June. During the first lockdown, Sarah explained: *'We offered free delivery to customers located within five miles of the shop and posted orders further afield. On 16th June, our doors opened for click and collect with restricted browsing for reduced hours. We had an L-shaped desk near the front door to serve customers and set up a browsing station where customers could request to see books in stock. In addition, we offered private browsing appointments once the shop had closed each day and, on Saturday 27th June, to celebrate Independent Bookshop Week, we did this for the full day – It was a huge success and we received loads of support from our customers.'*

The shop reopened for browsing on 29th June. Trading was good and October was particularly busy as people started to stock up for Christmas as news of another imminent lockdown was circulating.

'When we had to close our doors again on 26th December,' explains Sarah, 'we reverted to the model we had been using during the November lockdown. We worked hard to keep the business fresh during the last year, launching the Mostly Books Cosy Club in April and our podcast, Mostly Books Meets, in September. The Cosy Club was supposed to be an in-person book club but with news of the lockdown, we pivoted to running online with two weeks' notice. The podcast was a way of providing content for our customers who had previously enjoyed our extensive events programme. The response from both initiatives has been fantastic and they continue to develop even though we are now out of lockdown. In March of this year we launched our Youth Ambassador scheme, recruiting 150 children aged 5-18 from across the country to read and review books for us, to aid our in-shop hand-selling to customers looking for recommendations for children's books.'



Example 15: Mr and Mrs Finewine

'We adapted quickly to the demand for easy packs. We created simple 6 or 12 bottle packs to suit various budgets and also provided a custom service where people would phone in with a case budget and we would build based on our knowledge of the customer or from information from them.

'We were able to use the wholesale stock holding and therefore release cash by selling these lines via affordable wine packs. This proved to be very popular and really helped drive sales and keep stock levels under control. This is where I think we thrived, by focusing on quality customer service. We were available for people to contact us. We quickly worked on providing as much information and communication via our website and our online social media

platforms as possible. This was the best way to keep in touch and we gained more followers and customers as a result. With every order we took, we were able to take details to add customers to our database and maintain contact via newsletters and offers.'



Some independents offered products outside their normal range to prevent customers having to wait in long supermarket queues. Stoppards butchers in Southwell, for example, started to stock more lines...fresh bread, butter, flour etc simply to meet customer demand and enable them to get everything in one shop.

Other marketing changes involved relatively minor tweaks in presentation to maintain customer interest. The owner of the Velvet and Rose, a womens' fashion store in Hampshire, explained how the company changed packaging, moving from *'our boring grey mailer bag to more aesthetically pleasing bags'*. She also explained how the boutique itself *'was brightened up by introducing more colour, and attracting higher footfall via the shop window'*. She went on to say that they *'kept changing our window display during lockdown'* to keep customers interested.

Wunmi Durosinmi-Etti, a corporate events caterer, offered a new home delivery service of Nigerian fusion food during the pandemic along with online cookalongs. Her approach to new product and service development reflects the view of the independents who contacted us. 'It has been a lot of trying whatever is going to get me money, but is also

something that is sustainable for the long term. This period made us rethink our business plans and business strategies. You should be flexible in business, it's the flexibility of small businesses that have allowed us to thrive during this period.'

Many recognised the importance of responding flexibly to the needs of existing loyal customers. Example 16 illustrates how the retail owner featured in example 8 in section 1, kept other communication channels open for regular customers despite having developed a strong online offer.

Our evidence supports other research findings. A report by Yell Business broke down the ways many business owners had adapted, with three quarters (76 per cent) of small and medium businesses introducing new services, including 34 per cent now doing online video consultations or viewing, 32 per cent taking online bookings and 25 per cent doing home delivery services. Of those, more than half (52 per cent) said the introduction of a new service was crucial for them to survive the pandemic, with 88 per cent saying they planned to continue the service even after the pandemic. The FSB survey cited earlier also noted that 10 per cent of all small businesses diversified into producing new services

during the lockdown, a figure that rises to 15% for those businesses that expect to remain open. Six per cent of all small businesses diversified into producing new products/

goods during the lockdown. For those businesses that expect to 'remain open' this figure rises to 10 per cent.

Example 16: responding to existing customer needs

Liz Kemp the owner of Kemps General Store and Bookshop in Malton explained: 'For those who were not online, we offered the old-fashioned phone or mail order option and took card payments over the phone. Our regular and older customers really loved this as they too enjoyed a chat and someone to talk to. Whilst these methods were time consuming, they were appreciated by

many of our clients. They kept us connected and meant we were able to really help our customers remember and celebrate birthdays and send gifts and cards to their loved ones. Greetings Cards were particularly good sellers during lockdown – we list 150 online and customers were buying 20 at a time so they could keep in touch and celebrate despite the restrictions'.

Working with social media

A major transformational change has involved the proactive and creative use of social media. Social media has provided a host of new possibilities for many independents, opening their eyes to new markets and enabling them to maintain a dialogue with customers. Many recognise the long-term value of the social media skills they have acquired through lockdown as illustrated in example 17.

Example 17: Guiliano's deli, Putney

Guiliano's is a family run Italian Deli-café in Putney established in 1996. The owners Peppe and Isabella have been operating reduced hours during the week and closing on Sundays during the pandemic, mindful of the fact that Wandsworth registered as one of the highest boroughs nationally with Covid-19 cases. Isabella feels that the fact they have been established for 25 years has helped them survive. 'Our business has three sides; the cafe, takeaway and the Italian deli and being a small business has made it easier to manage and adapt to what's working for us at the time,' she explains.

'Once we entered into lockdown, Positively Putney, our local BID, introduced us to Polly at Maybe' on a zoom call. Polly genuinely wants to help businesses make it through the

tough times with social media. We had zero presence online and we definitely needed to improve. Once we signed up with them, I asked for training for our Instagram account, Louise was great, taught me how to post! I practised what Polly preaches and we are now getting recognised. At the beginning of lockdown everyone was cooking at home. Everyone was trying to make fresh pasta, ready made sauces, biscotti etc. I was kept busy sharing posts, advertising what we had in stock. Because people couldn't go away, they were spending more money on Christmas, treating themselves. We could get weekly deliveries on demand, probably due to suppliers wanting to get rid of stock. Posting our Panettone and other items on Instagram meant that they would sell out within a couple of days. I did the same for Easter with our Colomba cakes.'

Technology

As well as establishing an online platform, independents have used technology in other ways to help get through the pandemic. The manager of a community bookshop in Devon, offered customers virtual tours through lockdown. Customers had the opportunity to book an appointment and browse the shop virtually, giving staff the chance 'to have a proper chat with them' about what they were looking for. She acknowledges that 'obviously it's not the same' as browsing in person, but it seems to 'go some way to bridging the gap that has occurred between website-

selling and real-life contact. It does feel like it's the human contact that people are missing.'

Another trader, a bathroom design and supply company invested in a new CAD style design package to improve the technical detail and quality of their service. (Example 18)

Our evidence again supports the findings of the FSB survey, which concluded that 24 per cent of all small businesses adopted or increased their use of digital technologies.

Example 18: R & D Garnett Ltd trading as Ripples Newbury

The company designs and supplies bathrooms working normally against installation, which is three months into the future. According to the owner 'existing pre-Covid projects could be delivered as normal if the customer agreed to proceed as planned. Although some customers suspended or delayed projects, we had no complete cancellations. For new enquiries and projects at planning phase, we designed from home and used zoom calls to present clients' bathrooms. This approach worked to a point but we found (as we are a big-ticket item retailer) that potential customers wanted to visit the showroom to feel confident or to touch and feel the products so this delayed purchases until lockdown eased.'

As part of a Franchise they had a limited click to purchase method, managed directly by head office, which meant they could not benefit locally from online sales. 'We found the inability to sell online a major stumbling block during

lock down,' explained the owner. 'As a group we set up an online booking page so that potential customers can book a time slot initially during lockdown over the telephone, but we have now kept this going with visits in the showroom and, so far, this has proved a success and helps guarantee that we have the right manpower at the right time. A member of our design staff left in February 2020, so we decided not to replace them but, instead, we are using technology as much as possible to streamline the business. For instance, we now use a CAD style design package to create our bathrooms, which is helping reduce design time, reduce paper and copier usage whilst improving our output in the technical detail and quality. Covid-19 meant that sending letters and paperwork through the post was not what the customer wanted. By emailing and sending digital images we found we have significantly reduced our expenditure on stationary and postage costs.'

C. The nature and level of support

This section considers all forms of external support, including *formal financial* support from the Government to *informal support* from other businesses, organisations and customers. It is clear that independents value both the professional and financial support they have received. However, what has become increasingly obvious is the fact that many have also voluntarily *provided* vital support in the form of goods, services and general help free of charge to support their local community. This section displays some amazing examples before concluding with views on further support required.

Case study

Supporting independents to help each other

The case study chosen for this section demonstrates the value of support to help independents work together, share skills and knowledge expertise to improve the high street. The online platform provided by ShopAppy features in this case.

The Paint Box Ceramic Café

According to their website, the Paint Box is a 'playful pottery painting studio, where children are free to be children, memories are frozen in time and where laughter, mess and joy are compulsory'.

Yet at the start of lockdown, the owner was anything but joyous. *'I was so disheartened and felt like I could not offer my customers anything online. As a paint your own pottery studio, I am a hands-on experience-based business, I thought my customers wouldn't get behind an at home service or alternative products. After a stern word with myself, I decided I had to at least try. If not for the business but for my own mental health.'*

'With no online store on my website, I sold through Facebook and Instagram. It worked well but was extremely time consuming. Making the adverts, answering messages, sending payment details, chasing payments etc. Plus battling with the social media algorithms. When retail re-opened, I was able to bring back pottery painting along with the new products. This time being able to operate a click and collect service for customers to paint at home was invaluable. When retail reopened after the first lockdown, I joined Shopappy, a virtual high street where customers could shop online within their local town, with one site, one basket and one check out. Instead of promoting every single product, I just promoted my online store. I can upload all my products, choose when I want to deliver or for customers to collect and customise listings to suit my business. I am approaching 450 orders, which I'm thrilled about because we are not an online service. Because of my success on

the platform, I am actively helping other local business owners to get started as well as running the local social media feeds. With lots of down time, I have also undertaken social media marketing training. It felt like a good use of my time and investment in my business. This has really helped promote my online store and my customers are now confidently using it. The success of the online store has saved me so much time, which I can now use to better advantage with training, helping others get involved.'

Getting the right support: ShopAppy

Founded by Dr. Jackie Mulligan in 2016, ShopAppy is designed to help people support their bricks and mortar local independents. Driven by concerns over businesses leaving the high street due to online competition, it's based on a simple idea - giving local shops the power of a superstore by having all the local products in one place. The site would provide convenience with a local conscience.

Jackie met independent shops who were worried about going online, mostly because they loved meeting people and seeing people in their shops. So, the solution was to use click and collect, which would bring customers into town and to see ShopAppy as a virtual shop window to encourage footfall with intent to spend. She believes that when people see what they have on offer nearby, there's a good chance they will buy other products and services.

ShopAppy now supports over 100 towns across the country through a range of subscriptions (from as low as £3 a week) and subsidies.

ShopAppy towns have climbed the UK digital influence index, with 91% of people saying ShopAppy encourages them to shop local more. In 2019, Jackie introduced bookings so that people could book appointments, tables, events etc. so that a wider range of businesses could take part and benefit from local people browsing on the platform. *'ShopAppy gives local shops and businesses in every town or city a 24-hour shop window, doesn't take commission on sales and encourages shoppers to look at what amazing things are on their doorstep and go in person or shop online,'* explains Jackie.

With the introduction of lockdown last year, Jackie and her team added delivery to the site from March 2020 and offered free use of the platform to local businesses across the country. ShopAppy enabled businesses to continue to trade through the restrictions, and hosted virtual makers fairs and events, provided online appointments and even takeaway meals to help areas keep connected. A partnership with Visa has enabled the service to expand still further and there has been a huge increase in interest from towns, cities, communities and independents around the country.



I. Support received

From government, organisations and private sector providers

Many independents acknowledged the wide range of private sector providers, government agencies and other organisations who offered practical support to get them through the pandemic. Many received help free of charge to develop online platforms and maintain links with customers through social media. Help with online payments and order processing proved particularly valuable and led to major operational efficiencies through increased or improved use of technology. Several businesses mentioned the value of certain types of support; particularly platforms that helped them stay in contact with each other during the pandemic. We have highlighted a number of the organisations praised by business owners throughout our report.

Independents also referred to the various Government funding initiatives to help them cope with immediate financial hardship. As one owner commented, *'Government grants have been a significant help in terms of buying PPE, easing cash flow and paying some rent whilst there was no income. They also allowed us the immediate expense of support to get our ecommerce offer up and running at the start of the first lockdown.'* Many considered the furlough scheme to be 'vital' to the success of the business. *'Furloughing meant we were able to keep all our staff in whom we had invested time and training and who are such a valuable resource to our businesses. Without this we would have had to let them go.'* Another commented that, *'financially we feel the government and local authorities did very well and as much as they could in the circumstances.'* Other feedback praised the role of local government. *'Local and town councils also offered constant support with guidance on dealing with the pandemic as a business. Posters emailed to use for mask wearing and social*

distancing were also very useful.' Another praised the fact that the grants available through the local council, *'came with minimal red tape.'*

Praise was not universal however, with many complaining about slow or poorly timed communications. As one business owner commented, *'the only criticism would have been the lack of clarity on information, when lockdowns would come into effect, how long, tier regulations etc. To turn a business on and off with little or no notice is neither practical nor helpful.'* Another complained about poor communication surrounding the furlough scheme. *'My only criticism was with communication surrounding furlough. When the first wave of furlough was ending, I had to move my staff to zero hours contracts. Sadly, because of this, one staff member had to be made redundant, as they could not accept a zero hours contract. Just weeks after the redundancy was completed, the Government announced another extension to furlough. Had this been communicated earlier, the staff member's job would have been safe, even if temporarily.'*

Others questioned the fairness and consistency of funding allocations. In particular, there was resentment about the rules about what constituted essential and non-essential goods and services and how these were interpreted by businesses. The owner of a furniture business in example 19 voices some of these concerns.

Another owner, of a stationary supplies business (example 20), felt so strongly about the unfairness of the classification of essential and non-essential businesses that she actively campaigned in the press and via social media to raise awareness.

Other comments suggested that retailers viewed themselves as 'lucky' if they had fallen on the right side of the classification system. *'As a butcher, we were lucky to be classed as an essential business, so our two shops remained*

Example 19: Uneven distribution

'In regards to the lockdowns and our survival it has been very tough for us. As 'non-essential' retailers, we closed our doors on 22nd March, 2020 and re-opened on 15th June. We also closed mid-way through November 2020 when the Government again reaffirmed that we were non-essential. Then we closed from 4th January 2021 until 12th April 2021. We had no income or commercial rent freeze during this time and we still had to pay for our insurance, broadband, phone line, container rent, water rates etc. The only company that helped us out was our chip and pin machine card service company.'

'The initial Government grants kept us afloat with paying the bills and we had to take out a bounce back loan. As this was not calculated for in our financial forecasts it has left us in debt. The maddening thing during the last lockdown grant

payment was how it was financially distributed. We received £2,667.00. We opened our doors on 12th April and did not receive this money until the 28th April. In our business when potential clients started coming in they don't immediately walk out with something in a bag and give us £1,000's for the privilege. The nature of our business means it can be many weeks and months for projects to come to fruition so we still did not receive any income. This is unlike personal care businesses for example (hairdressers, barbers etc), who when they opened their doors people would be giving them cash straight away and received an £8000 grant. They have the same business rate relief as us and were closed from 4th Jan to 12th April like us, but received £5,333 more than us. The whole thing has not been thought out and tailored to different types of businesses.'

Example 20: Giraffe Gifts

'I've tried to highlight the unfairness of the 'essential' classification. Government telling people to work at home and children studying at home, yet stationery shops closed. Also the unfairness of supermarkets, 'homeware' stores and garden centres being allowed to open and sell anything they want affecting the independents' business.

I've done this by being interviewed on BBC news channel, BBC radio 2, 4 & Manchester, Metro newspaper, Mail on Sunday, Times radio, ITV news. Alongside industry magazines such as Stationery Matters and Progressive Greetings.'

open for the whole of 2020.' Another stated, *'it was fortunate for us that alcohol sales would be classed as an essential, therefore this allowed us to continue with trade, albeit in a very different capacity'*

According to Jackie Mulligan from ShopAppy, there was a *'postcode lottery picture of council support and interpretation of the rules which hampered some and helped others'*. Because Councils and BIDs were forced themselves to furlough staff, support from these avenues was seen by some as mixed and inconsistent.

Some specifically praised the support received from Business Improvement Districts See example 21

Some sector specific organisations also proved to be very supportive. For example, one praised the help received, in terms of practical advice and emotional support from the Bookseller's Association.

The issue of rent relief generated a variety of responses, with retailers experiencing different levels of support from landlords. As one owner noted, 'the two main areas of costs

Example 21: Isabella from Guiliano's deli, Putney mentioned in example 17

'Once we entered into lockdown, Positively Putney, the Business Improvement District for Putney got in contact and set up zoom calls with council members and other businesses. We all had questions to ask; do we pay for licences, business rates etc? We discussed how to start back in a safer way, ensuring we followed Covid-19

guidelines. Nicola and Anna were making sure that all the business received the first grant of £25,000.00 and they were still chasing businesses that hadn't received it before the deadline - I was very impressed with them, they have been vital in helping us out.'

are staffing and rent. The government helped with staffing through the furlough scheme, but we didn't have support with rent.' Another commented, 'my landlord has continued to charge full rent during all of the lockdowns and didn't just charge it, but actively collected it as well and wouldn't even wait until it was known if/whether government grants would be provided. The message this sent to all tenants was terrible. The only support the council would offer was to say that it would not take enforcement action for non-payment of rent for the time-being (which it couldn't anyway because of the government's moratorium). Other landlords did offer some degree of flexibility with payments. 'Our landlords gave us a free month and reverted to paying the rent monthly rather than quarterly.' Another stated, 'when we had to close the showroom, we asked for help from our landlord and they did move to monthly payments from quarterly but didn't offer a rent reduction.'

A number of the start-ups cited in our review have praised the new business support they received during the pandemic. The owner of BLEAQ (example 10) cited the Princes Trust as a source of confidence and business direction and the Truman Brewery which recognised the 'unique, innovative and diverse clientele BLEAQ was attracting and offered discounted rent and manageable instalments (paying as we go weekly)'. Independents have also cited passionate individuals as inspirational and motivational supporters and mentors within the sector. Notably Jane Langley of Blue Patch, Jackie Mulligan of ShopAppy and Polly Barnfield of Maybe'.

As well as Enterprise Nation mentioned above, a number of other organisations have been particularly helpful in helping online businesses establish a bricks and mortar presence. There is clearly an appetite for online businesses to take advantage of the empty spaces appearing on high streets and dip their toes into the world of bricks and mortar. However, many require support to make this leap. A further example of the help provided can be shown through the work of Save the High Street. Founded in 2016 by Alex Schlagman and Julie Holden, it has helped online businesses secure rent free trial periods in local shopping centres owing to an increase in the number of empty units. Example 22 shows how this is encouraging more businesses to commit to a physical presence on high streets.

The Science and Technology Facilities council also helped one organisation buy space to bring science onto the high street. They gave Discovery Planet a public engagement grant to run a pop-up science shop in Ramsgate High Street for local schools and the community. The space is used to host themed workshops for schools and the community to explore basic scientific principles, showcase research, and demonstrate how this relates to people's everyday lives.

Example 22: Bath & Wick

David Beedle (the founder/owner of Bath & Wick) was a full-time chef when he spotted a gap in the market for handmade, eco-friendly bath products with high quality ingredients and vibrant colours.

He had tons of passion and confidence that this was a product offering people wanted, but no retailing experience or training, which is common for high street startups. Bath & Wick initially launched as an online store only. Early customers loved their products, but they felt crowded out by more generic offerings online and found it hard to profitably get in front of enough potential customers. They wanted a high street or shopping centre space to trade from, but the high costs and long-term commitments for space, as well as the steep learning curve required, made this feel unviable.

How Save the High Street supported Bath & Wick:

STHS secured a rent-free trial period in the mall area of The Swan Shopping Centre in Eastleigh that was successful for Bath & Wick and gave them the confidence to commit to a rental agreement. They also helped broker a flexible licence

agreement at a sustainable level between Bath & Wick and the centre. On top of which they provided Bath & Wick with a range of personalised support ranging from branding to product positioning, merchandising, ecommerce, social media and grant funding; targeting the support on identified gaps in their skills and capabilities.

Bath & Wick today:

Bath & Wick not only survived the Covid-19 lockdowns but is now expanding quickly. They are still trading in The Swan Centre, they have also opened in the Marlands Centre (Southampton), and they are now taking a 5 year lease on a larger unit. Their online business has also been growing positively and they are exploring further expansion plans with STHS. *"It's been a whirlwind couple of years for us and everyone in retail,"* says David Beedle from Bath & Wick. *"For us we're now in a great position with growing sales and lots of optimism. This initiative has been incredibly beneficial and the team has been there throughout and during the first lockdown even guided us with obtaining grants to keep the business running."*



From customers in the community

Many independents experienced unprecedented levels of support from customers or residents within the community during lockdown. According to Jackie Milligan from ShopAppy, 'communities played a massive role in boosting morale for businesses, supporting them and in some cases volunteering to do deliveries and more'. To capture and recognise this support the company launched a local shop hero campaign for businesses to nominate people who had helped them in the hope of discovering Britain's finest local shop supporter. The competition generated over 2,000 nominations.

The support from customers in the community demonstrates the important role Independents play within their local area. One retailer talked about customers knocking on doors asking when they are opening again throughout lockdown. *'Support is certainly there. I've learnt that it's not all about money...and making more money to build more things. It's about the people that you work with, because they've got your back, but also the support and the love that we've had from customersthat's meant a lot.'* The success of the Seafood Centre and Lobster Hatchery in example 9 has also been attributed to the support of local people who came in droves to support the fishmonger. Many were having their daily walk and would visit and buy fresh fish and seafood as part of their new routine during lockdown.

Another phenomenon that illustrates the willingness of citizens to get involved in shaping the future of towns and high streets is the growth of community owned businesses on the high street. A number of key organisations have provided valuable support to this sector.

The loss of key anchors like pubs has spurred many local groups to join forces to take businesses into community ownership. The community business charity, The Plunkett Foundation, revealed a 53 per cent increase in enquiries from groups looking to bring local amenities under community ownership and a 104 per cent rise in the aid the charity provided to rural groups across the country. It supported 308 projects in 2020, including the opening of 13 community owned pubs. During this period, the UK lost more than 6,000 licensed premises, almost three times the number that closed in 2019. Furthermore, the More Than A Pub community pub business support programme funded by independent trust Power to Change and the Ministry of Housing, Communities and Local Government, and led by the Plunkett Foundation, provided small grants to around half the community pubs in England during lockdown.

Community owned pubs and cafes were also able to access up to £12million of funding from Power to Change during the pandemic with grants of up to £25,000 to help them cope with loss of income.

Vidhya Alakeson, CEO of Power to Change, said there had been countless stories of community businesses leading the way in the community response to Covid-19. One example, is the Anglers Rest, a community pub and post office in the Peak District, which maintained its key services during the crisis so that residents could continue to collect pension payments, pay essential bills and withdraw cash for food supplies.

The Plunkett Foundation has highlighted how 67 per cent of community pubs that responded to their survey continued to operate in some way last year despite the forced closure of pubs and cafes. This saw them diversify services to include prescription services, food and produce deliveries, hot food takeaways and telephone helplines.

According to research by the Plunkett Foundation, 19 pubs in England, Wales and Scotland have gone into community ownership in the last year.



II. Support provided

Independent shops have long recognised the vital social and economic role they play within local communities. During the pandemic and associated lockdowns, this role has become increasingly important. Being able to support people's needs by delivering to them and helping them stay at home has made many relationships even stronger.

This concern and support for the community is illustrated by the retailer in example 23

There are many examples during the pandemic of independents who have gone over and above the call of duty with generous actions to support people in need.

Example 24

Example 23 Giraffe Gifts

Sarah Laker runs two stationery supplies shops in Marple and Wilmslow. Throughout the pandemic she has been acutely aware of the important role her businesses



play within local communities. Sarah recognises that 'customers who are returning are cautious, so wish to stay local rather than heading into big shopping centres. They feel reassured that local shops will keep them safe.'

The business has focused on helping people feel safe, by offering delivery options to people who were shielding or nervous about shopping, instigating private appointments for anyone not able to queue or wanting to shop alone and setting up private 'back to school' appointments for families to shop safely. *'In the first lockdown,'* Sarah explains, *'I also shaved my head to support a local charity. This raised over £7.5k and highlighted how important being part of the community local independents are.'*

Example 24: The Supper Collective York

The Supper Collective was set up as a reaction to the pandemic and prolonged lockdown for many isolated people. Steve and Julia Holding from the Pig and Pastry Café in York first floated the idea of the collective, which began on 18th March, 2020 just days before the first lockdown. According to Steve, 'While our café was closed, I thought we could do something positive for local people in need. I just wanted to stop people from worrying. I thought if we could help out by cooking a healthy meal

to give people at least one good meal a day with a bit of human contact from the volunteers delivering it that might help.' It started with 45 meals per day being cooked at the Pig and Pastry and delivered by volunteers in the local community. A local ward Councillor got in touch with local people to ask if they would help coordinate the deliveries. The food was donated by local independent shops, and volunteers cooked and delivered the food with a daily rota. It wasn't long before word got out on

social media and the numbers started to snowball. Other Independent restaurants and cafes stepped forward and offered to cook as well. There was soon one restaurant cooking every day, 7 days a week.

The collective was soon delivering 1,300 meals per week. This included 25 meals per day to the homeless centre and 50 meals per day to the Covid-19 Intensive Care Wards for the nurses who were isolated with only a vending machine. This was aided by an independent cycling delivery service York Collective who delivered free of charge. Costs were mounting so the collective started a Go Fund Me crowd funding appeal for £5k. Julia Holding who coordinated said, *'The fundraising was amazing and before long we had*

passed our target and raised an astonishing £25k with a further £10k from the Heritage Lottery Fund.'

The deliveries have continued for many months throughout the lockdowns.

Now there is a lasting legacy from the Supper Collective, which is hoped will be permanent. Funds are now being raised via a Go Fund Me appeal to support a permanent kitchen that has young people with learning difficulties following the Supper Collective format and cooking 50 meals per day in premises in the Hull Road Park in York. This will provide daily deliveries to people around the Hull Road Community and provide training for these young people.



III. Further support required

It is clear from responses that one of the main sources of support for Independents during the pandemic has come from connecting and collaborating with other local businesses. As the owner of an independent wine shop in Southwell comments, 'being part of a community of independent retailers was a very helpful and quick way of sharing information relating to regulations, support services and general support and advice. This kind of

network really is worth its weight in gold when it came to an unprecedented situation like Covid-19.' Many of these organisations offer support in return for a small membership fee. A number of specialist 'indie' support organisations are featured in example 25. Demand for the services of these organisations has increased during the pandemic illustrating their importance and influence.

Example 25: Formal support groups

The Richmond Business and Tourist Association (RB&TA)

The RB&TA was formed in 2017 when independent businesses in Richmond decided to work together as a local association with a common purpose. The aim is to make Richmond a better place to live and work. They have 112 members who pay a £40 per annum membership fee. According to its Chair, Marcia, 'The Richmond Business Association has really made a huge difference to Richmond and the pride that local people have in the town. All the Independents working together really help encourage the public to participate in various events like "In Bloom" and this year the celebration of 950 years of Richmond Castle. We have a really good website that has encouraged people to shop local and the "Richmond Town clear up" was so effective and got lots of coverage.'

During the pandemic, the Association organised the Richmond Business Awards. Those awards were very positive and were for best employee, best stall, best accommodation and many others including a farming award for low impact forestry. They have been working with the town Council on putting together a funding bid for the Richmond Masterplan called the 21st Century Market Town Plan which aims to increase small business set ups, improve IT and establish Richmond as the capital of this area.

Independent Oxford

Indie Oxford was established in 2015 and has 140 members who pay £180 per year for membership. It is a Ltd Company but in their articles of association, it states that the business focus is to work with independent businesses and provide social, environmental benefits and to fit into the local community. It's run by Rosie Jacobs and Anna Munday, Rosie described Indie Oxford's reaction to the pandemic: '*We were really scared, we thought Indie Oxford would suffer badly and this would impact on our indie businesses and their communities. We thought members would simply cancel membership but it was quite the opposite. It has been full throttle all the way. We moved our monthly meeting onto Zoom, produced a regular blog and there was a wave of interest and support that just kept going. We doubled down on our Social Media and did a four hour TV sale instead of our usual market pop up shop. We produced a digital map and took every opportunity to talk about Indies.*' The activity of some of our members during lockdown is detailed below.

Ultimate Picture Palace – Oxford's only indie cinema, managed to raise over £50k in crowdfunding last year, mainly due to the effort they go to in supporting their community of customers and members.

Tap Social – despite having their takings slashed due to decline in wholesale orders, they have continued to

support ex young offenders through opening a new pub in Oxford called the Whitehouse, where they are creating opportunities to work in their kitchen and bakery. They are a real example of the positive social impact indies can make.

Gatineau – they set up a web store overnight and have been inundated with orders since the 1st lockdown, which has meant they have been able to expand their production kitchen and upgrade their kit, as well as create more jobs.

Indie Cambridge

Indie Cambridge is a Limited Company run by Anne Beamish and Steve Linford. It started in 2012 as a published "pay to be in" coffee table book and then became a membership organisation in 2017. They have 100 members who pay £27.50 per month. According to Anne, Indie Cambridge 'started as a reaction to a report that described Cambridge as the Country's ultimate "clone town." Although retail chains dominated many parts of Cambridge, this was far from the real picture. There was a lot going on under the surface. A second report described Cambridge as "the country's most unequal city." Indie Cambridge is about skill sharing, developing technical skills and business-to-business relationships. So not just focusing on Independent bricks and mortar businesses but the broader Indie Community."

One example of an Indie Cambridge stand out businesses that had to adapt during lockdown is the Cambridge Fruit Company. They made a massive shift from B2B to B2C and simply asked online if people wanted fresh fruit/veg deliveries. The response was immediate and deliveries

started and built to 2,000 resident customers. Some of the corporates sponsored fruit for families in need and also donated to NHS front line staff.

During lockdown, Indie Cambridge has transferred its academy events monthly to Zoom and attendance has been good. *'One thing we have been doing,'* says Anne, *'is to simply give members a ring to ask how they are. I used to visit businesses regularly and just saying hello on the phone is a help.'* She added: *'Some Independents can be a little too independent. People must not be scared to share. Working together is important. The high street needs to change which makes me optimistic about the localism agenda.'*

BIRA

Throughout the pandemic retailers have turned to BIRA to help them implement the complex Covid-19 restrictions required to keep shopping safe. According to one independent, the organisation was particularly useful during the pandemic to help to 'decipher and lobby for changes in the guidelines'. The same business also found it helpful to publicise through the organisation to try to access new customers. BIRA works with government to ensure that the right level of support has been made available to independent retail businesses, to help them through the worst year for any retailer. The organisations support indie retailers by enabling them to develop their businesses model, especially their digital retailing skills. Guidance, protection and business support have been the focus of support.

Although these are formal organisations offering a range of services, there are others with a less formal structure, which are also valued by independents. Example 26, the Goose Green Association is one such example.

A number of independents mentioned that they would be keen to see more funded initiatives that would enable them to connect with like-minded independent businesses and work to support each other around local agendas.

Undoubtedly, the most pressing concern for many independents is getting support to help with rising debt and

uncertainty in the short term.

Others have made specific suggestions to help the Independent sector, post pandemic. There has been a clear call for support with rent arrears and help from the council to get landlords to engage with the Government's Code of practice for Commercial tenancies. There is also a pressing need to assess the business rate structure. Finally, there are calls for more hybrid pop up events and locations across the country that are subsidised by the government to help independents maintain an online and physical presence.

Example 26 The Goose Green Association and Local Volunteers

The Goose Green Association in Greater Manchester has no formal structures but is simply a group of businesses working together to stage events. Mathew Bamford 'Bambi' from 'House' on Goose Green is a key player. As he explains: 'Goose Green is a lovely corner of Altrincham town centre. It has a number of hospitality venues that got together first in 2016 with the idea of staging the annual Goose Green Festival. Not organised by the Council or a corporate group, this was organised simply by people from local independent businesses working together.

'The Festival is a locally inspired event that has come from some key players on Goose Green working together. Altrincham BID have been the key people in helping to make this happen. They managed and organised the road closures, staging and health and safety issues along with

other red tape. The first event was in 2016 but in 2018 everything came together. Perfect weather, and a huge amount of interest so that over the weekend Bank Holiday in August we had approximately 10,000 attend the event. It was great for Altrincham. I think our GGA has managed to do so well because of the WhatsApp link we created. The GGA Group now communicate all the time. Our association is great for the Festival but we now have a common connection and we can communicate so easily.'

Altrincham has other groups that give their time and energy to help improve the Town Centre. 'Our Altrincham' is a group of volunteers who raise money through cake sales etc., work tirelessly and go out and keep parts of the town clean and tidy where other agencies fail to reach.

Example 27: It's about survival

'As an independent business, we have three concerns. Firstly, we are now paying the costs of working in a premium events/high street location PLUS the extra marketing costs associated with ecommerce. We have repurposed our small premises to be an online business – so we will move out of the town centre to be able to pay the rent and rates for a larger premises to handle both events and online. The loser of this will be our beloved high street – our town will not benefit from the footfall of

the hundreds of people we used to bring. Rents and rates on the high street are simply too high for us. Secondly, we do not know if our large weekend events will ever come back. And, if they do, in what form? Finally, will we make enough money to service the debt that we have accumulated? We have just paid the landlord the back costs (£21k) for the last year. Soon we will start paying back our deferred VAT (£9k) and our loan (£50k).'

The team, references and acknowledgements

The team

Bill Grimsey



Bill is a retired retailer with 45 years active experience. During his career he held senior positions at Budgens and Tesco before becoming the managing director of Park'n'Shop, Hong Kong's leading supermarket chain. He was also the CEO of Wickes, the Big Food Group (Iceland and Booker) and Focus DIY. He holds a number of non-executive posts and led the publications of The Grimsey Review one (2013) and two (2018) into the high street. He was also the author of *Sold Out: Who Killed the High Street* in 2012. In 2015 he was awarded an honorary doctorate in Business Administration by the University of South West England for his contribution to retailing. In 2020, at the start of the pandemic, he published a third review, *Build Back Better: A Covid-19 supplement for town centres*.

He was also the author of *Sold Out: Who Killed the High Street* in 2012. In 2015 he was awarded an honorary doctorate in Business Administration by the University of South West England for his contribution to retailing.

Kim Cassidy



Professor of Services (Retail) Marketing at Edge Hill University, Kim was previously academic director of the National Retail Research Knowledge Exchange Centre (NRRKEC) at Nottingham Business School. Kim is passionate about maximising the impact of academic research on retailing and has worked with the Economic and Social Research Council. Her research is on customer engagement in retail.

Matt Baker



Matt is a consultant with over a decade's experience of working with local authorities and other organisations to support high street regeneration. Previously an adviser to a former Communities Secretary, he is a Local Government Association economic growth advisor and also designed and led the LGA's first leadership course for high streets for council leaders.

A Senior Fellow at the Institute for Place Management in Manchester, Matt has advised numerous local authorities across the UK and also specialises in developing town commissions to reimagine high streets and bring together key stakeholders to develop long term plans to transform towns and cities.

Richard Shorney



Well known as a passionate indie advocate under his @retailmentoring handle, Richard is a champion and supporter for all independent small businesses. He founded the #ShopLocal movement in 2011 to try and help high streets and small businesses fight back against the internet, out of town retail parks and big box shops.

He also curates and hosts #IndieHour every Tuesday evening on Twitter, which is seen by 250k people a week. Richard's day job is as a Retail Development Manager in the convenience sector where he looks after 127 independent stores in North London.

The team

Neil Schneider



After qualifying as a fellow of the Chartered Institute of Housing in 1995, Neil has held a variety of roles across housing, operational services and regeneration in a local government career spanning 37-years .

From 2008- 2019 he was chief executive of Stockton on Tees Borough Council, and was extensively involved in establishing the Tees Valley Combined Authority and its devolution deal with central government.

During his tenure he led work that saw both Stockton then Yarm win the UK Rising Star high street of the year awards. In 2019 he received the Van Coulter Lifetime Achievement Award from The Association of Public Service Excellence (APSE) and a special lifetime achievement award from Stockton Borough Council . He now coaches, mentors and develops and delivers leadership programmes.

Collette Osborne



After spending 20 years in corporate finance working in the transport, energy, pharmaceutical and retail sectors as an accountant, Collette changed career at 40 entering the hair & beauty industry in 2011. She has spent the last 10 years as a multi award winning salon owner.

Collette founded Salon Owners United group in 2020 and with over 5,600 members, it provides business support to those in need. She is a regular participant on BBC Question Time whilst tirelessly campaigning for the hair and beauty industry.

Nick Hood



Nick is a business risk analyst with Opus Restructuring, the business rescue firm. He also maintains an informal relationship with Company Watch, the corporate financial health monitoring specialists. He has specialised in researching and commenting for a wide range of media channels on the retail sector since the global financial crisis broke in 2008. He was a Chartered Accountant for almost 50 years and a licensed insolvency practitioner for over 20 years.

He has been CEO of two listed companies and also held senior positions in the engineering, publishing, advertising and construction sectors in the UK, as well as working for an investment banking boutique. His international career involved posts in Canada, Italy, the Middle East and South East Asia.

Johnny Hayes



After teaching in York for 20 years, Johnny decided he needed a complete change and became a shop keeper in 1999. For a further 20 years he and his wife Frankie had two independent businesses in York. Johnny went on to become Chairman of the Bishopthorpe Road Traders Association from 2010 till 2016.

In 2015 'Bishy Road' won the GB High Streets Award as Britain's Best High Street. In the following year he was awarded an MBE for his services to the Bishopthorpe Road Community. Johnny was elected as an Independent City of York Councillor in 2015 for the Micklegate Ward where Bishopthorpe Road is a local parade. He stood down from the Council in 2019. Now retired, he was the Chairman of the York Independent Traders Association (Indie York) from 2016 to 2021.

References and acknowledgements

Thanks to the Independents who are featured in this review

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Carl Henderson *Wags and Whiskers pet boutique*

Louise Lowes *Lulus personal gifts*

Shannen Samuel *Bleaq*

Liz Kemp *Kemps General Store*

Elizabeth Kolb Barnetson *Axion Now*

Sophie Scarrott *Keith Scarrott Shoes*

Isabella Giacalone *Guilianos Deli Putney*

Karl Wilson *Wilson's bead boutique*

Virginia Hodge *Old Dairy Brewery*

Steve and Julia Holding *Pig and Pastry cafe*

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Rachel Doncaster *Doncasters Butchers*

Sarah Tinley *The Old Theatre Deli*

Tamara Taylor *The Barn Southwell*

Rebecca Stoppard *Stoppards Butchers Southwell*

Gosia Bailey *Mr&Mrs Fine wine*

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Sarah Laker *Marple stationery supplies*

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Marcia McLuckie Chair, *Original Richmond Business and Tourism Association*

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Indie Wirral

Secondary research reports

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Retailers call for 'Shop Out to Help Out' scheme when stores reopen BBC NEWS

<https://www.bbc.co.uk/news/business-56582568>

Appendix 1

Insolvency statistics

Year	2020	2019	2018	2017	2016	2015
Retailers	1,031	1,592	1,560	1,407	1,304	1,359
Hospitality Businesses	1,785	2,459	2,335	1,886	1,817	1,802
TOTAL FAILURES	2,816	4,051	3,895	3,293	3,121	3,161
ALL BUSINESS INSOLVENCIES	15,310	21,658	22,206	21,662	21,267	19,512
% OF BUSINESS INSOLVENCIES	18%	19%	18%	15%	15%	16%

Note: insolvency data is not published for the Hair & Beauty sector

Source: The Insolvency Service

Zombie companies

(with liabilities at least £10k greater than their assets)

Sector	NUMBER #	NEGATIVE VALUE £m
Retailers	15,642	-1,829
Hospitality Businesses	17,062	-1,762
Hair & Beauty	3,383	-187
NUMBER OF ZOMBIES	36,087	-3,778
TOTAL NUMBER OF RETAIL & HOSPITALITY BUSINESSES	171,976	
% OF ALL RETAIL & HOSPITALITY BUSINESSES	21%	

Source: Company Watch

Appendix 2

Major retail failures 2007 - 2020

Year	Number Of Failures	Stores Affected	Staff Affected
2021 (to end April 2021)	9	1,663	25,154
2020	54	5,214	109,407
2019	43	2,051	46,506
2018	43	2,594	46,014
2017	44	1,383	12,225
2016	30	1,504	26,110
2015	25	728	6,845
2014	43	1,314	12,335
2013	49	2,500	25,140
2012	54	3,951	48,142
2011	31	2,469	24,025
2010	26	944	10,930
2009	37	6,536	26,688
2008	54	5,793	74,539
2007	25	2,600	14,083
TOTALS	567	41,244	508,143
ANNUAL AVERAGE 2008-2020	40	2,827	34,499

Source: Centre for Retail Research

Appendix 3

Financial health of retail & hospitality industries

Sector		NUMBER OF COMPANIES	AVERAGE TOTAL ASSETS	AVERAGE TOTAL BORROWINGS	AVERAGE NET WORTH	AVERAGE HEALTH SCORE	COMPANIES IN COMPANY WATCH WARNING AREA	
		#	£'000s	£'000s	£'000s	(Max 100)	#	%
Retail	Companies With Assets > £250k	17,791				46	4,997	28%
	Companies With Assets £100k-£250k	17,037				38	7,150	42%
	Companies With Assets £25k-£99k	29,934				32	15,247	51%
	Companies With Assets < £25k	20,903				28	12,581	60%
	Retail Totals	85,665	2,578	782	932	35	39,975	47%
Hospitality	Companies With Assets > £250k	7,625				39	3,456	45%
	Companies With Assets £100k-£250k	9,309				31	4,951	53%
	Companies With Assets £25k-£99k	22,335				27	13,167	59%
	Companies With Assets < £25k	24,796				26	15,370	62%
	Hospitality Totals	64,065	523	211	128	29	36,944	58%
Retail & Hospitality Totals		149,730	1,699	538	588	32	76,919	51%

Industry scale

Sector	NUMBER OF COMPANIES	TOTAL ASSETS EMPLOYED	TOTAL BORROWINGS	TOTAL NET WORTH
	#	£bn	£bn	£bn
Retail	85,665	221	67	80
Hospitality	64,065	34	14	8
Overall	149,730	255	81	88

Source: Company Watch



