



Executive summary

More and more attention has been paid to the High Street in recent years.

Many policy documents, column inches and even TV shows have been dedicated to the woes of the High Street. All too often, they portray retail as an isolated activity. In reality the reverse is true – the fortunes of the High Street are dependent on the fortunes of the wider city centre in which they are based. The debate must be about jobs and city centres, not just about shops and High Streets.

Our data shows that in London and large cities, city centres are playing an ever increasing role in city-wide economic performance. Eight of the ten largest cities have seen private sector jobs become more concentrated in their city centres. The result is that more than one third of jobs in large city centres are in knowledge intensive service activities, such as finance, law and marketing. In London this figure is almost 50 per cent. And in turn they are less reliant on retail, with retail jobs making up 9 per cent and 5 per cent of all jobs respectively.

But the opposite has occurred in medium and small sized cities. These cities, on average, have seen an increasing number of private sector jobs being based away from their city centres, with out of town employment sites playing a larger role in their economies. And fewer of their city centre jobs are in knowledge intensive activities – one quarter of jobs in the city centres of medium size cities are in this area, while the figure is one fifth for small cities. This in turn makes them more reliant on retail, which makes up at least 16 per cent of all jobs in each.

Jobs are always good, but where those jobs are located can affect how well a city's economy performs in the future for four reasons:

- 1. Retail - if a city has more jobs in out of town locations, it reduces the number of people who have to come to the city centre five days a week,** so reducing the size of the market that retailers can sell to.
- 2. Future economic growth - many of the highest skilled and best paid industries – which have been critical sources of jobs growth in recent years - prefer to locate in city centres.** This is because a city centre location offers advantages including access to more skilled labour (because of transport connections) and opportunities to exchange information as a result of being close to clients, competitors and collaborators.
- 3. Access to jobs - it is easier to provide public transport for economic activity concentrated in one place.** This has implications for low skilled workers in particular, who are less likely to own a car.
- 4. The environment - less concentrated economies have a greater dependence on the car.** This increases CO₂ emissions from road transport.

By focusing too much on High Street shops and not enough on helping city centres to attract and retain a wide range of jobs, policymakers are failing to help our cities adapt to a changing economy and potentially damaging national economic growth. We have to stop just thinking about shops and start thinking about how best to support different city centres as places to do business.

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This means unpicking some of the contradictory policy in this area. For example, some policies are trying to protect city centre retail, such as Town Centre First and the Government's response to the Portas Review of the High Street. Other policies such as Enterprise Zones, where these are located on out-of-town sites, incentivise businesses, and so jobs, to move out of city centres, are inadvertently reinforcing a 'hollowing out' of some cities.

Rather than focus on retail in isolation, policymakers need to start focusing on the role of the city centre economy as a whole. For this to happen the Government should make city centres a key priority within its National Infrastructure Plan and allocate funding to address the physical and digital infrastructure requirements to support business growth within city centres.

Cities also need to consider how the role of their city centre is changing in the 21st century – not every city can or should seek to become like London or Manchester. Smaller cities are likely to struggle to attract some of the highest skilled jobs unless they have a clear offer (such as proximity to a university). Instead, cities need to consider how their city centres can play to their distinctive assets and complement one another in a wider labour market – for example, in Manchester City Region, 'knowledge intensive' services jobs are concentrated in Manchester city centre rather than in the centres of surrounding cities such as Wigan and Bolton.

Large cities need to maintain the advantages that their city centre economies have as places to do business by managing congestion and rising office rents. Medium and small cities need to improve the operation of their city centres as a business environment – of which High Streets are just one part. They also need to consider their role within their wider city regions when considering how to improve the performance of city centres. Working in partnership in a city region to play to the strengths of different cities, large and small, in order to attract jobs is likely to bring greater economic benefit to the city than working alone.

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