

Liberal Democrats



Vibrant local high streets



change that works **for you**

BUILDING A FAIRER BRITAIN

Vibrant Local High Streets

Foreword

From urban boroughs to rural villages, at the heart of the community is a high street. Vibrant high streets are an essential part of our communities' DNA.

However, 12,000 independent shops closed in 2009 alone. This is not just an economic tragedy but also a social one, as high streets lose their individual distinctiveness. Far too many high streets are characterised by empty, boarded up shops symbolising the wider decline of our economy. This only makes it harder for the shops and businesses that remain.

Our vision is to stop this decline and rebuild vibrant local high streets. This requires a level playing field that allows small and large businesses to flourish alongside each other.

It won't happen without government action. That's why we have developed a range of plans to ensure that high streets remain at the heart of our communities. These include:

- Ensuring a long term future for the Post Office by developing new services such as a PostBank
- Direct help for businesses by reforming business rates, reducing employment taxes as soon as possible and cutting red tape
- Providing fair access to credit by getting the banks to lend again and creating a more diverse financial infrastructure
- Creating a fairer marketplace by ensuring sustainable retail development and taking a more localised approach to competition

I believe that people value the wide range of goods and services available locally and want to see their high streets thrive and prosper.

Together, we can make this happen.

Nick Clegg MP, Leader of the Liberal Democrats

1. Post Offices at the heart of the community

Post Offices act as the hub of the high street. When Post Offices are closed many small businesses around them suffer a loss of trade. The Post Office has a huge amount of customer goodwill and an unrivalled retail network. Through expansion of its services it could be transformed from being a burden on the public finances to an asset, generating positive social and economic returns.

Allow the Post Office to take control of its future

The Government has allowed the Post Office to gradually decline without making long term strategic decisions to secure its future. The Liberal Democrats would free the Post Office from Royal Mail and allow it to establish its own board. The board would be responsible for developing a wider range of services in order to stimulate sufficient demand to maintain the network.

Development of a PostBank

There are still approximately 900,000 adults without access to a bank account. The trusted brand and extensive network of the Post Office make it uniquely placed to provide universal access to banking while also growing its revenues. We would encourage the development of a PostBank as part of wider moves to diversify the financial infrastructure.

Acting as a shop window for government services

The Government has focussed on providing online access to government services. We believe that people should have a choice of ways to access public services and should have the option of speaking directly to a human face. We would ensure government uses the Post Office more as a first point of contact with the citizen, providing a local access point to services.

Use of Post Offices as alternative collection/delivery points

Up to 30% of deliveries fail on the first attempt and are returned to a distant centralised depot. The Post Office provides an ideal local network to hold items locally for collection, saving people time, reducing unnecessary journeys and bringing people to the High Street. The Post Office has already agreed one such deal. We would encourage further agreements to meet the demand arising from growth in online shopping.

2. Direct help for businesses

High Streets have borne the brunt of the recession. This is evident from the empty shops on high streets up and down the land and the loss of major high street names such as Woolworths. There is no single answer to the regeneration of our high streets but government needs to do all it can to support the small shops and businesses that hold our communities together.

Reform business rates

Small businesses currently bear a disproportionate burden of business rates, paying around 4 times more as a proportion of turnover than large businesses. This is a particularly significant cost for small shops. Our objective is to make the current system work more fairly.

We will immediately make Small Business Rate Relief automatic so that all small businesses get the relief they are entitled to. We will consult with business to rebalance the burden on small independent shops and extend Empty Property Relief, funded by increasing business rates for the very largest businesses. We aim to bring forward proposals to make the system work more fairly in the 2011 Budget.

In the longer term, we will fundamentally reform business rates to a fairer system where rates are based on site values rather than rental values, encouraging businesses to invest in their premises rather than penalising them.

Reduce employment taxes as soon as possible

We opposed the Government's proposed increase in National Insurance. It is a tax on jobs and is counterproductive to creating the employment and enterprise that we need in order for the economy to recover. We would seek to reverse this increase but it would be irresponsible to promise this without identifying matching spending cuts or alternative sources of revenue. In office, this would be a priority.

Cut red tape

Regulation is needed to ensure that a level playing field exists but it should be straightforward to apply and proportionate to the situation. The burden of regulation is often especially heavy on small businesses as they lack the economies of scale available to large businesses.

We will manage the introduction of new regulations by adopting a 'one in one out' policy, using sunset clauses, introducing independent checks on the costs of regulations and ending the gold-plating of European directives.

We will also change the manner in which regulation is enforced so that the rules are clearly set but with businesses given more flexibility in their detailed implementation. Enforcement would focus on assisting compliance rather than on a 'tick box' approach.

3. Fair access to credit

Credit is the lifeblood that keeps the rest of the economy flowing. Small businesses have been heavily impacted by the withdrawal of credit from banks. After the financial crisis broke, temporary schemes were used to encourage lending. It is now time to move on and to build a lasting, diversified financial infrastructure that will provide the levels of finance needed to support economic recovery.

Ensure affordable access to credit for businesses

We have lost our local financial infrastructure and relationship banking has all but disappeared. During times of cheap easy credit this perhaps did not seem to matter. However, as our banks reawakened to the concept of risk it became clear that they have lost the capacity to make the judgements required when lending to business.

Our first priority is to get the banks lending again, particularly the semi-nationalised banks which should be working for the benefit of Britain as a whole. In the longer term, a stable and competitive banking system will only be restored by splitting low risk retail banking from high risk investment banking. This will ensure that the UK once again has a banking industry that is focused on lending to businesses to support economic growth.

A diverse financial infrastructure

The fallout from the credit crunch has reduced competition within the banking sector. It is clear that we need a much more diverse and localized financial infrastructure. The Liberal Democrats would promote this by supporting the Post Office as it develops a PostBank, encouraging local and regional banks and other mechanism such as credit unions.

In recent years, bank debt has been the instrument of choice to finance investment. Going forward a better balance of debt and equity will need to be employed. We will create new mechanisms for small businesses to access equity by connecting investors with businesses in their own region:

- **Local Enterprise Funds** - tax efficient investment vehicles to provide seed capital to start-up/early stage businesses as they commercialise their ideas
- **Regional Stock Exchanges** - regional platforms matching local investors with growing SMEs. They will provide SMEs with cost effective access to equity through a simple operating model that meets the needs of smaller companies

4. Creating a fair marketplace

A more strategic approach is needed to maintain the diversity of our high streets. This means establishing a level playing field for small and large businesses and an appropriate balance between local high streets and out of town retail developments

Sustainable retail development

New developments must be driven by need and their impact properly thought through. The Liberal Democrats would require each local planning authority to produce a plan of retail development for their area. This will provide a safeguard against the over expansion of large supermarkets, where they would have a negative effect on the area and the interests of the local community.

We would strengthen planning laws to take into account a wider variety of factors than is currently the case. We would introduce a local competition test for all planning applications for new retail developments, requiring that they show beneficial effects.

A more localised approach to competition

To ensure a fair balance between small and large retail outlets, we will establish a local competition office within the OFT for the promotion of local and regional competition and to investigate cases where local or regional competition is unduly restricted.

The reality is that most people do not want to travel far to access their goods and services – therefore competition needs to be thought about on a much more local basis than has been the case.