



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	OVERVIEW AND SCRUTINY COMMITTEE – 2 February 2026
Subject	The Retail and Hospitality Sectors in the Cotswold District
Wards affected	All
Accountable member	Councillor Tristan Wilkinson Cabinet Member for the Economy and Transformation Email: tristan.wilkinson@cotswold.gov.uk
Accountable officer	Helen Martin, Director of Communities and Place Email: helen.martin@cotswold.gov.uk
Report author	Paul James, Economic Development Lead Email: paul.james@cotswold.gov.uk
Summary/Purpose	To report on the health of and the challenges faced by the retail and hospitality sectors in the district.
Annexes	Annex A – Town Centres Initiative report by Heartflood. .
Recommendation(s)	That the Overview and Scrutiny Committee resolves to: 1. Note the contents of this report. 2. Make any recommendations to the Cabinet Member or Cabinet to consider further.
Corporate priorities	• Supporting the Economy
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Senior management, legal, finance, selected businesses in the retail and hospitality sectors, Cotswolds Tourism, Cirencester Growth Hub.



1. EXECUTIVE SUMMARY

- 1.1** The retail and hospitality sectors are a crucial part of the local economy, employing many thousands of workers, providing significant economic value and making up a large part of the district's town and village centres, which act as local hubs for goods, services and community life.
- 1.2** These sectors have faced multiple challenges in recent years, which are documented in more detail later in this report. Despite the challenges, our town and village centres have remained healthy in relative terms, although there is no room for complacency and, indeed, the Council, along with relevant town councils, has started an initiative to tackle vacant units in the three towns with the highest vacancy rates – Lechlade, Moreton-in-Marsh and Tetbury. This initiative has also included a thorough independent assessment of both the current challenges and opportunities within each location.
- 1.3** This report therefore explores the challenges faced by these sectors, the health of the town centres in the district and invites the committee to consider what recommendations it may wish to make in order to support businesses operating within these sectors.

2. BACKGROUND

- 2.1** The Chair of the Overview and Scrutiny Committee has requested a report be presented to the committee, setting out the challenges faced by the retail and hospitality sectors in the district, the health of our town centres and what the Council and its partners are doing or can do to support these sectors.
- 2.2** Retail and hospitality are two very important, and interlinked, sectors which provide significant employment and generate considerable value as part of the local economy. Both sectors have been experiencing multiple pressures in recent years and particularly since the Covid pandemic. Some of these pressures are shared between both sectors; others are specific to each of them.
- 2.3** Common to both is the reduction in town centre footfall since the pandemic as a result of changing consumer behaviour, particularly through an increase in online shopping, and more people working from home for at least part of the week. It is acknowledged that not all retail and hospitality businesses are based in town and village centres, but they are the focus of this report. In-person retail needs to offer



more of an “experience” to stand out from its online competitors. The same can be said of town centres in order to attract footfall, whether that is by putting on markets and events, providing a cultural and heritage offer (such as museums, theatres etc), accessing services including health-related functions and ensuring the physical environment is attractive to visitors.

- 2.4** Both sectors have been faced with increases to the minimum wage and increased Employers’ National Insurance (NI) contributions, as well as higher energy costs as a result of Russia’s invasion of Ukraine. Many retail and hospitality businesses are affected not just by the increase in the headline rate of Employers’ NI contributions but by the reduction in the level at which NI is payable, from £9,100 to £5,000 from April 2025, as many such businesses rely disproportionately on part-time and casual staff.
- 2.5** Retail, Hospitality and Leisure Business Rate Relief, introduced during the pandemic, was scaled back from 75% to 40% in April 2025 and in the most recent Budget the relief was ended completely as of 1 April 2026. In its place, as part of the wider Business Rates revaluation, the ‘multiplier’ for retail and hospitality businesses will be reduced permanently by 5%, but unfortunately many businesses will still see increased bills. A transitional relief scheme and a cap on increases are being introduced by the Government to phase in these higher bills and support is available from the Business Rates team to help businesses understand their liability.
- 2.6** At the time of writing, the Government has signalled that it is preparing to alter its position in relating to business rate changes for pubs. Full details are still to emerge and it appears this relates purely to pubs rather than the hospitality sector more widely.
- 2.7** According to the trade body UK Hospitality, “Even when factoring in a lower multiplier – or tax rate – for the sector and transitional relief.... in 2026/27, the average hospitality property in England will pay £23,961 in rates – an increase of £3,126 (15%) on the current average of £20,835.” That figure, according to their analysis, will rise to an average increase of £10,014 in 2027/28 and £19,574 in 2028/29. UK Hospitality are calling on the Government to increase the discount on the multiplier to 20% rather than 5%.
- 2.8** It is estimated that around 100,000 jobs have been lost in the UK hospitality sector since the Budget of 2024. A survey by UK Hospitality showed that a third of



hospitality businesses are operating at a loss, 76% had increased their prices, 63% had reduced the working hours of staff, a third had restricted opening hours and 40% had reduced investment. The conversations Officers have had with businesses of this type in the district indicate that many have, reluctantly but unavoidably, taken these steps.

- 2.9** The importance of the retail and hospitality sectors in providing opportunities for young people to experience work and for more mature people who may have left the labour market to return should not be underestimated.
- 2.10** The cost-of-living crisis the country has been facing for some years has meant consumers have reduced disposable income to spend in retail and hospitality businesses. Businesses in these sectors have also faced challenges in recruiting staff, arguably since Brexit saw many of those who came here under EU Freedom of Movement rules return home. This is less of an issue now, given the level of job losses these sectors have experienced.
- 2.11** The hospitality sector has experienced higher food prices, which have risen by more than headline inflation since the invasion of Ukraine, not all of which they have been able to pass on to customers. An additional pressure is the increase in alcohol duty announced in the 2024 Budget, which comes into effect on 1st February.
- 2.12** Even weight loss treatments, like Ozempic and Wegovy, which are now quite widely-used, have impacted on the hospitality sector because they reduce the appetite of those who take them. An estimated 2.5 million people in the UK are using these medications, leading many to eat out less frequently and consume less food and alcohol when they do. In addition, many young people, for reasons of health, financial constraints and safety concerns, do not go out at night as frequently. According to a recently-published survey statistics from UK Hospitality, this is the case for 61% of respondents.
- 2.13** Hospitality businesses are having to work harder to attract customers, with many organising events such as quizzes or putting on live music to bring people into their venues, rather than relying on the draw of their food and drink offer on its own.
- 2.14** Retailers who have a strong online presence, both in terms of e-commerce and being active on social media, tend to be amongst the most resilient.
- 2.15** Retailers have faced an increase in theft, with shoplifting rising 20% in the year to March 2025 in England and Wales (ONS figures). The figure for Gloucestershire is



much lower at 5% but still shows a 50% increase since 2020. The cost of measures to reduce theft can also be considerable.

2.16 Many retail and hospitality businesses in the Cotswold district occupy listed and historic buildings, for which maintenance costs are generally higher than for other buildings, and which can be more difficult to operate a business from than more modern buildings.

3. THE POSITION IN COTSWOLD DISTRICT

3.1 The economic statistics relating to retail and hospitality are not necessarily straightforward to break down at a district level or into neatly-defined sectors. In addition, some indicators are only updated periodically. According to 2024 figures from the South West Research Company, tourism accounts for just over 5,500 jobs (4,005 FTE), which equates to 13% of jobs and generates nearly £425 million of economic value in the Cotswold District area. The figure for jobs is down from nearly 6,500 (4,650FTE) and 16% of overall jobs in 2023, despite the economic value generated rising from £414 million. This shows the pressure the sector was under before some of the most recent measures took effect.

3.2 The figures for retail and hospitality overall will be higher as some retail and hospitality businesses serve a primarily local market. Town and village centres in the district will vary in terms of the proportion to which they cater for the tourist market, serve a wider catchment or fulfil a more locally-based function.

3.3 Analysis of the Office for National Statistics' (ONS) Business Register and Employment Survey (BRES) data shows that "Accommodation and Food Services" account for 7,250 jobs in Cotswold district and Retail for 5,000 jobs. The former is significantly above the national average in proportional terms and retail is slightly above the national average. Both sectors have grown since 2015, with Accommodation and Food Services having done so significantly.

3.4 For the reasons outlined above, and because the Cotswold district is on the whole relatively affluent, our town and village centres perform better than the national average. The average town centre vacancy rate in the UK is 13.5% at the end of Q3 2025 (Savills). The Council monitors vacancy rates in our principal settlements, relying as far as possible on information provided by the relevant town and parish councils. Members should note that the relatively low number of units in our smaller



centres does mean the percentage can fluctuate quite significantly, with only one or two units changing status.

3.5 Vacancy rates were as follows at the end of September 2025:

Settlement	No. of units at last count	Vacancies at last count	Vacancy rate
Bourton-on-the-Water	74	1	1.4%
Chipping Campden	46	2	4.3%
Cirencester	333	16	4.8%
Fairford	29	1	3.4%
Lechlade	43	5	11.6%
Moreton-in-Marsh	90	8	8.9%
Northleach	11	1	9%
South Cerney	29	0	0%
Stow-on-the-Wold	97	5	5.2%
Tetbury	102	8	7.8%

3.6 The numbers are monitored to spot any trends and, in some instances, the Council liaises with agents and landlords to encourage them to let vacant properties. The picture varies across the district. For example, Cirencester has fallen from a peak of 11% in the aftermath of the pandemic in September 2021 to just under 5% in October 2022 and has stayed at that level broadly ever since. In Lechlade, Moreton-in-Marsh and Tetbury, the number of vacancies has been creeping up in the last few years but remain at or below the national average. Nonetheless, the Council is taking action, working with the relevant town councils, to address the issue before it becomes a larger problem. The vacancy levels in the other principal settlements have remained broadly stable in recent years. It should be noted that some of the units counted as vacant in the table in para 3.5 have either had lettings agreed or are for sale.



- 3.7** It should also be noted that the table above measures only by the number of vacant units rather than the overall amount of vacant space. For example, in Cirencester the former Tesco and the former Gardiner Haskins stores are large units, which represent more vacant space than a considerable number of smaller units.
- 3.8** The relatively low town centre vacancy rates should not disguise the challenge it is for many retail and hospitality businesses to remain viable and survive. Despite its relative affluence, the Cotswold district is not immune from these pressures. The number of retail and hospitality businesses in the district, according to business rates data, has declined slightly over the past year. The proportion of retail and hospitality businesses in business rates arrears has increased marginally over the same period and is slightly higher than the overall proportion of businesses in arrears. The percentage of retail and hospitality businesses in arrears in Cotswold district is lower than in many other districts.
- 3.9** Each of the towns/villages that make up our principal settlements is unique and faces different challenges. Cirencester has seen a number of national multiple retailers leave in recent years, ranging from Burtons/Dorothy Perkins to the Body Shop to Superdrug. In the case of the first two, it was due to the businesses' national position that they closed and in the case of Superdrug it is reported that they were unable to agree a new lease with their landlord. These were not retailers making a decision to leave Cirencester on the basis of the performance of the town centre. In response to some national chains exiting, there has been a growth in independent and small chain retailers, which now dominate the town's offer. A number of banks have also closed, both in Cirencester and smaller towns.
- 3.10** In smaller towns, such as Fairford and Lechlade, the loss of retail space to residential is a major issue as a result of the relaxation of planning laws and the introduction of a flexible 'Class E' use class, which allows the conversion from retail to residential without requiring planning consent. The risk is that such town centres lose the critical mass of activity needed to attract visitors. How the Council responds to this particular pressure will be considered as part of the review of the Local Plan.

4. WHAT THE COUNCIL IS DOING AND CAN DO

- 4.1** The retail and hospitality sectors are subject to many national and international factors and the extent to which the Council can influence their success is limited. Nonetheless, there are some significant initiatives the Council can point to where it



has played an important role in assisting retail and hospitality businesses and town centre in general. These include:

- Administering Covid-related grants for businesses during the pandemic and business rate relief schemes during and since the pandemic. Over £70 million of grants were distributed to several thousand businesses in the district across a number of different grant schemes.
- Running promotional campaigns and delivering small-scale environmental and public realm improvements funded by the Government's Reopening High Streets Safely (RHSS) and Welcome Back schemes. The RHSS and Welcome Back funding also supported efforts to improve the digital presence of businesses and provided one-to-one support for those who required it.
- Using the Government's UK Shared Prosperity Fund and Rural England Prosperity Fund to support a number of initiatives including the Coffee Cabin at Cirencester College (which trains students to work in the hospitality sector), public realm improvements in Lechlade, a digital walking app and improved wayfinding in Chipping Campden, supporting the creation of The Old Department Store (TODS) in the former House of Fraser in Cirencester and assisting a new homewares and furnishings business to establish in the town centre. The UKSPF has also provided funding to the Cirencester Growth Hub, which provides support to businesses across the district, although not specifically for retail or hospitality. The ending of UKSPF and REPF funding and the lack of any successor funding (particularly the 'Pride in Place' programme) for anywhere in Gloucestershire constrains the Council's ability to support its town centres.
- The work of Cotswolds Tourism in promoting and managing the visitor economy and providing business support and training. In particular, they work to encourage visitors all-year-round and to explore towns and villages across the whole area, rather than just the tourist hotspots.
- Working with town and parish councils to provide an attractive environment and facilities for visitors, ranging from street cleaning to public conveniences to parking. Many ultra-local functions are best organised at town council level and, arguably, their importance will increase in the context of local government reorganisation.



- Putting in place Local Plan policies to prioritise town centres for uses such as retail and leisure and to protect those uses from conversion to non-town centre uses proportionately and within the context of national planning policies. A Town Centre and Retail Study will take place as part of the emerging Local Plan.
- Supporting the development of Neighbourhood Plans, which give local areas more control over how their town or village, including the centre, evolves.
- Issuing pavement licences for hospitality businesses, which can make a major difference to a venue's capacity, particularly during the warmer months. The process was streamlined during the Covid pandemic.

4.2 The Old Department Store is a good example of how town centres are evolving. It took a former department store building, which had been vacant for over five years, and gave it a new purpose, hosting a number of social enterprises ranging from bike sales and repairs, children's clothing and toys, second hand furniture and 'pay what you can' dining. TODS has the potential to be a national exemplar on the repurposing of a large and difficult-to-convert town centre building.

4.3 Another relevant project funded through the UK Shared Prosperity Fund is the Town Centres Initiative, looking at vacant units in Lechlade, Moreton-in-Marsh and Tetbury. Following a procurement process, place management experts Heartflood were appointed as consultants for this piece of work. The brief was to look at the towns in general and the vacant units in particular to understand what the barriers to them being occupied are and to come up with an action plan to address them, working with the relevant town councils and local stakeholders. Each of the town councils has committed a modest financial contribution towards the cost of the project.

4.4 An executive summary of Heartflood's interim report is attached at Annex 1. In summary, their recommendations are to establish town centre management partnerships where there is support, improve marketing of the towns themselves, undertake a number of streetscene and public realm improvements and liaise with agents and landlords to encourage them to fill vacant units. It is interesting to note that although there are a number of vacant units in each of the towns, very few of them are being advertised online and some do not even have 'To Let' boards displayed. Research into the specific vacant units has revealed that a number of them are in the process of being sold.



- 4.5** Where high street commercial properties have been vacant for more than 12 months, the Council now has the power to initiate a [High Street Rental Auction](#). This process can be fairly lengthy and has not been widely-used to date. It is hoped that positive engagement with agents and landlords can bring about action on any persistent vacant units, but this tool remains available for use if needed.
- 4.6** Some local businesses have spoken in positive terms about the support given by local councillors to businesses in their wards. Some councillors help to promote the facilities available in their areas and are a visible presence, as well as taking up issues on behalf of businesses where appropriate.

5. ALTERNATIVE OPTIONS

- 5.1** The Council could simply leave the functioning of town centres to the market. This approach is not recommended as, in some instances, the market alone does not deliver vibrant town and village centres.
- 5.2** The Council could have carried out the work for the town centres' initiative in-house but lacks the capacity to do so. The chosen consultant has specialist experience in town centres and place management and brings an independent perspective. They have liaised closely with the Council's Economic Development Lead.
- 5.3** Particularly in the context of local government reorganisation, a greater role for town councils in the management of town centres can be envisaged. Each of the relevant town councils has been closely involved with the work undertaken by Heartflood and will have a key role to play in implementing its recommendations.

6. CONCLUSIONS

- 6.1** The retail and hospitality sectors are hugely important to the Cotswold District in terms of providing jobs and generating economic value. Such businesses have endured a very difficult time in recent years as a result of a combination of external factors. They have proved relatively resilient within the district but there is no room for complacency. The committee may wish to consider what recommendations it makes to support these important sectors, for example whether it asks Cabinet to write to the Chancellor to ask her to reconsider the support given to hospitality and retail businesses in relation to business rates and invites our local Members of Parliament to lobby on behalf of local businesses in these sectors.



7. FINANCIAL IMPLICATIONS

7.1 The activities carried out to date have been funded by existing budgets or external sources. Funding for any further activities recommended as a result of this report will need to be identified.

8. LEGAL IMPLICATIONS

8.1 There are no direct legal implications arising from this report.

9. RISK ASSESSMENT

9.1 Not tackling issues relating to vacant units and the vibrancy of town and village centres risks leading to a downward spiral, making the issues larger and more difficult to tackle. Through early intervention and a proactive approach, the Council aims to avoid this.

10. EQUALITIES IMPACT

10.1 There are no equalities impacts arising from this report.

11. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

11.1 There are no direct climate or ecological implications arising from this report, but having vibrant local town and village centres removes, or at least reduces, the need for residents to travel further afield to satisfy their shopping and leisure needs.

12. BACKGROUND PAPERS

12.1 None.

(END)