In the context of retailing, the National Planning Policy Framework, the Localism Act and the Mary Portas Review will be familiar to many. However, some may not realise that they relate only to England. Awareness of what has been happening in Northern Ireland, Scotland, and Wales is perhaps less than widespread. There may be an assumption that for retailers and high streets, differences among different parts of the UK will continue to be minor regional variations rather than material differences. During 2011-12 this position has changed. No longer does Westminster policy provide a blueprint for the rest of the UK. The devolved nations have limited regulatory and tax-raising powers, but the limitations they face have led them to be innovative in their thinking.

One of these new policies is the large retail store levy. On 1 April 2012 Northern Ireland and Scotland both introduced a retail levy on large retail stores. Both levies are aimed at large stores, based on the perception that large retailers (who generally are the operators of larger stores) can afford to pay more. Property taxes are a devolved matter and the devolved countries have brought forward legislation to raise extra revenue. These levies have implications for the future of retailing, town centres and retail planning.

In late 2011, Northern Ireland’s devolved government introduced a levy which applies to all retail properties with a rateable value greater than £500,000. The increase in rates paid will be in the order of 20%. Seventy-seven properties have been identified, 60% of which are in out-of-town locations, and 75% of the revenue would come from large multiple-operated supermarkets. Stores will be paying some £85,000 more per year on average. Town centre stores affected include several anchor stores in major shopping centres and stores in the main shopping area in Central Belfast. There is concern that this impact on the city centre could be problematic given the recession.

In January 2011 the then minority Scottish National Party Government proposed a levy on large stores to raise £30 million in revenue. Although much of the revenue would have been gained from large out-of-town superstores, a number of major city centre retailers in each of Scotland’s town centres would have been affected. The proposal was voted down, and the ‘Tesco tax’, as it was known, was dropped.

At the 2011 Scottish elections the Scottish National Party gained an overall majority and once in government proposed a different tax on large stores. The new proposal targeted only large stores (inevitably multiple-operated) which sold both tobacco and alcohol (it was dressed up as a ‘health levy’, although the money raised is not directly used on this topic) and which had a rateable value of greater than £300,000. The terms of the regulation are set down in the Non-Domestic Rates (Levying) (Scotland) (No. 2) Regulations 2012. A supplemental rate of 9.3p for the first year and 13p for subsequent years was thus set in the 2012 Scottish Budget.

The Scottish levy is based on rateable values, which, while a proxy for store size, also vary with the prestige or otherwise of the location and the age and condition of the premise. A relatively small city centre store could be paying the levy, while a larger store in a less salubrious suburban location would not be paying the levy.

The rateable value also takes no account of the area given over to alcohol and tobacco sales. Already some stores are seriously considering ceasing sales of tobacco to avoid payment of the levy. Smaller supermarkets located in high-value town centre locations such as Central Edinburgh are above the £300,000 rateable value threshold. Yet the location of grocery stores in town centres is a fundamental desired outcome of other government policy via the sequential approach.

The new retail levies in Northern Ireland and Scotland are not only differently operationalised but also differently contextualised. The Northern Ireland levy is set firmly within a small-business agenda. The money raised is intended to be spent on support for small businesses (not restricted to retail) under the Small Business Bonus Scheme. The Scottish policy is justified on the grounds of a health agenda. It is a tax on tobacco and alcohol sales (although not linked to sales volumes of either) which will raise finance supposedly to deal with the increasing cost of tobacco and alcohol related ill-
health. However, the money is not ring-fenced, and spending plans are unclear.

In both cases the issue of redressing imbalances between smaller businesses and larger retail businesses, and specifically large multiple grocery retailers, was discussed as policy developed. The policies are seen to redress some of that perceived imbalance. This marks them out from the rest of the UK, although it remains to be seen whether in fact it creates a better climate for small retailers. The levies were welcomed by the Chambers of Commerce in Northern Ireland and the Scottish Grocers’ Federation, respectively. A similar levy in England was explicitly ruled out in June by Eric Pickles at a British Retail Consortium event.

The making of policy in Northern Ireland and in Scotland engaged a primarily local community. The Northern Ireland Chambers of Commerce were central in giving evidence. Similarly, in Scotland it was the Scottish Grocers’ Federation and the Scottish Retail Consortium that were consulted. UK-based organisations previously in the forefront of lobbying, such as the Association of Convenience Stores, were not represented. Neither was there the type of involvement of the major food multiples, as found during the Competition Commission Groceries Inquiry.

Other recent policy initiatives are also differently constituted from those in England. In Wales the review of town centres was conducted by the Welsh Assembly, giving it a different feel from the Mary Portas Review; Scotland is intending to follow a similar pattern. Similarly, the Scottish Town Centre Regeneration Fund, with its focus on investment, represented a different approach to responding to recession in town centres from other parts of the UK.

There is obviously the potential for exchange of ideas among the devolved countries. Already, for example, the plastic bag tax developed in Wales is under consideration in Scotland. Equally, the Mary Portas Review took up some ideas from the Scottish BIDs (Business Improvement Districts) policy in respect of engaging landowners as well as lessees.

The retail landscape is thus being redrawn by the devolved authorities. Pre-existing assumptions about the focus for policy are now being questioned. For some this is a challenge of engagement and economics, but for others it represents small steps towards refocusing on what people want in their areas. Vive la différence or plus c’est la même chose?

*It would be remiss of us not to pay tribute to Professor Cliff Guy, who was the author of the Trading Places column for a little over 13 years. His example is one we wish to attempt to uphold, and if we can approach his insight and activity then we will have done well. We hope we can be worthy successors.*

**Notes**

10. Answer by Communities Secretary Eric Pickles in Q&A session to a question put by Leigh Sparks. British Retail Consortium Symposium, London, 26 Jun. 2012
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