trading places

Anne Findlay and Leigh Sparks look at how devolution is changing the landscape of retail planning in Northern Ireland, Scotland and Wales

parting company?

In the context of retailing, the National Planning Policy Framework,[1] the Localism Act[2] and the Mary Portas Review[3] 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.[4] 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.[5] 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.[6] 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.[7] 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-