

TRADING BOARD 6 AUGUST 2014

Present :-

Councillor Julia Havis (Chairman)
Councillors Roger Buston, Mark Cory, Robert Davidson,
Bill Frame, David Harris, Justin Knight

Substitute Members

Councillor Andrew Ellis for Councillor Kevin Bentley
Councillor Julie Young for Councillor Rosalind Scott

Also Present: -

Councillor Liddy, Councillor Quince, Councillor Smith,
Councillor Turrell

11. Minutes

RESOLVED that the minutes of the meeting on 18 June 2014 be confirmed as a correct record.

12. Briefing on the Supermarket Levy

The Board considered a report from the Head of Commercial Services providing background on the “supermarket levy”, a potential levy that could be imposed on large retail units. In addition to the report, the Board also had before it an extract from the BBC website giving an update on how some local authorities were seeking government approval to introduce such a levy. Gareth Mitchell, Head of Commercial Service, introduced the report and explained that it had been brought to the Board following a request from Board during the previous municipal year. It was stressed that there was no power to introduce a levy at this stage: the Sustainable Communities Act only provided an opportunity for local authorities to request the Secretary of State to allow them to levy such a charge.

Councillor Liddy attended and, with the consent of the Chairman addressed the Board. He thanked officers for the comprehensive information provided. He explained that 95% of all money spent in major retail outlets left the local economy. He felt that the arguments against the introduction of such a levy could not be sustained. He did not believe that the introduction of a levy would place the borough at a competitive disadvantage versus neighbouring authorities. Market forces would dictate the success of major retail units, rather than the imposition of relatively minor levies. Major retailers would not leave Colchester if such a levy was imposed. Neither did he believe that it would be confused with CIL: it was clearly similar to a business rate rather than a planning charge and would be collected in the same way as business rates. Such a levy had been successfully introduced in Scotland and Northern Ireland. Major retailers would be able to absorb the costs of such a levy in the same way they had absorbed rises in VAT and given the profit levels they enjoyed, would be able to pay such a levy. It was important that new sources of revenue were found to invest in the Borough.

Councillor Quince attended and, with the consent of the Chairman addressed the Board.

He opposed the introduction of such a levy on the grounds tht it was anti-competitive and created an artificial market. It was inflationary and would deter out of town retailers from coming to Colchester. The comparison with Scotland and Northern Ireland was not valid as the levy had been introduced on a national scale, thereby negating issues of competitive disadvantage. It would essentially be a tax on hard working families in Colchester. Major retailers made a significant contribution to local economy and should not be penalised for their success. The unfairness between out of town retailers and town centre retailers would be best addressed through a reduction in town centre parking charges, which was the responsibility of the Council, or through extending business rate relief to small businesses.

In discussion, members of the Board raised the following issues and made the following points:-

- The purpose of a levy should be to improve the economic, social and environmental well-being of an area, rather than to plug budget gaps.
- Supermarkets would be able absorb the costs of such a levy, which would redistribute funds back to the communities from which retailers were making their profits.
- Whether Trading Board was the correct forum to consider the issue, given this was primarily a local taxation issue, rather than a business opportunity.
- Whether any such levy should apply to “local” smaller scale supermarkets.
- How and by whom funds generated by such a levy should be administered and how funds raised by a levy could be used to support town centre retailers.
- The need to support small retailers, given the role they played in supporting the most disadvantaged sections of the local community.
- Whilst major retailers brought benefits to communities in terms of employment, they also caused problems in terms of issues such as congestion.
- The impact of the levy on suppliers and the possibility that large retailers would seek to respond to the levy by driving down the costs of goods from suppliers.
- The need for more detailed information before any final decision was made.
- The levy would apply to all large scale retailers and was not just aimed at supermarkets.
- Alternative methods could be used to achieve the same result, such as more sophisticated use of business rates or through initiatives such as Business Improvement Districts.
- That a group of local councils were formally asking the government to authorise the introduction of such a levy and that it would be sensible to await developments.

Following its discussion the Board considered that the issue should be referred to Cabinet in order for Cabinet to take any action it considered necessary. Ian Vipond, Strategic Director, Commercial and Place, noted a request that further information be submitted to Cabinet when it considered the issue but explained that, given the preliminary nature of the proposals it was unlikely that any further detailed information could be provided at this stage

RESOLVED that the issue of the “supermarket levy” be referred to Cabinet to consider and take any action that it considered necessary.

For action by:	Target Date
Democratic Services Officer	August 2014

13. Work Programme 2014-15

RESOLVED that the work programme for the Trading Board 2014-15 be noted.