

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau	Economy, Infrastructure and Skills Committee
Blaenoriaethau ar gyfer Pwyllgor yr Economi, Seilwaith a Sgiliau	Priorities for the Economy, Infrastructure and Skills Committee
EIS 39 Cymdeithas Siopau Cyfleustra	EIS 39 Association of Convenience Stores



## **ACS Submission: Priorities for the Economy, Infrastructure and Skills Committee**

ACS (the Association of Convenience Stores) represents 33,500 local shops across the UK including Co-op, Spar UK, Costcutter Supermarkets, One Stop and thousands of independent retailers. There are 3,167 convenience stores in Wales, equating to one shop for every 979 people<sup>1</sup>. The sector contributes just over £307 million to the Welsh economy and employs over 25,000 people in Wales. 66% of employees in the convenience sector are women, 20% are aged 16 to 24 years old and 33% of employees work 31 hours per week or more.

ACS welcomes the opportunity to provide evidence to the Economy, Infrastructure and Skills Committee and suggest priority areas for the Committee's work plan. Convenience retailers are under significant pressures resulting from operating in a highly competitive grocery market characterised by price sensitive consumers and rising fixed costs. Retailers are adapting to changing consumer habits and market trends but so too must public policy. The areas of public policy of most significant concern to convenience retailers are increasing employment costs and increased property costs. We have set out priority areas below that we believe that Committee should consider for its work plan.

### **Retail, High Streets and Local Parades**

The retail industry is transforming significantly with consumers purchasing more non-food products online and shopping little and often in smaller stores closer to their home. Convenience retailers are benefitting from the latter trend of little and often shopping but structural changes in the market are having a damaging impact on traditional high streets and local parades. Vacancy rates on high streets remain stubbornly high at over 12%<sup>2</sup> as local authorities and local partnership struggle to attract new retail investment into their local towns.

We believe that there would be significant value in the Economy, Infrastructure and Skills Committee completing an inquiry into the changing nature of the retail sector in Wales, the impact on local communities and what public policy action can be taken to support high street regeneration and growth. Areas such as business rates, planning policy and local authority responsibilities would be central to any review of the retail market in Wales. ACS' Community Barometer Report<sup>3</sup> highlights that communities' needs are changing and local high streets and local parades have to change with them.

### **Business Rates**

Property costs are one of the largest overhead costs for convenience retailers and increases in business rates are having a damaging impact on retailers' investment decisions. The business community is united in its view that the business rates system requires reform. The devolution of business rates, as recommended by the Silk Commission, will provide the Welsh Government with an important opportunity to ensure that the business rates system works to promote economic growth. We believe that the Economy, Infrastructure and Skills Committee should complete an inquiry into the business rates system in Wales and address the following points;

*Small Business Rate Relief (SBRR):* 60% of Welsh shops currently pay a reduced level of business rates and benefit from some form of small business rate relief<sup>4</sup>. Retention of SBRR policy at Welsh Government level will provide stability for small businesses and clarity on their rates liability. ACS also

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<sup>1</sup> ACS Local Shop Report 2015

<sup>2</sup> Local Data Company July 2016

<sup>3</sup> ACS Community Barometer 2016

<sup>4</sup> ACS Voice of Local Shops Survey: May 2015

supports the Welsh Government funded Small Business relief scheme for post offices<sup>5</sup>, whereby post offices with a £9,000RV are exempt from business rates and properties with a rateable value between £9,001 RV and £12,000 RV receive 50% relief<sup>6</sup>.

*Discretionary Relief:* The Fourth Assembly's Enterprise and Business Committee recommended the consideration of changes in legislation to bring about better 'application of discretionary powers, with the aim of improving the mix and quality of the retail offer in town centres'<sup>7</sup> – ACS supports this recommendation. Discretionary Relief is an underused power of Welsh local authorities which can support high streets. Councils should be encouraged to use this 50% funded relief mechanism to support high streets and other businesses in their communities.

*Incentivising Investment:* ACS would support further action for rates relief to be used to incentivise property investment. Independent convenience retailers in Wales invested over £5 million between March and May 2016<sup>8</sup> but the rating system currently penalises businesses that decide to invest in improving their premises. For example a retailer that adds an air conditioning unit, CCTV cameras or pallet racking to their premises will see their business rates bill increase.

## **Planning**

The Planning (Wales) Act 2015 will result in significant changes to how the planning system operates in Wales. We recommend that the Committee takes action to review the effectiveness of the new planning system in terms of the creation of Local Development Frameworks and the enforcement of important planning tests included in Planning Policy Wales such as 'Town Centre First' planning policy.

Our experience of reform of the planning system in England has shown that delays to the development of local plans can leave local authorities with limited ability to refuse planning applications. This is especially the case when developers making applications are significantly better funded and resourced in comparison to local authority planning departments. Despite the introduction of the Localism Act in 2011 in England 20% of councils still do not have an up to date local plan and only 65% of local councils have fully adopted their local plans<sup>9</sup>. The absence of a local plan can also hamper economic development plans for an area.

We welcome the strong reference included in chapter 10 of 'Planning Policy Wales' in relation to the importance of convenience stores<sup>10</sup>. However, national planning policy is only as good as the local authority that enforces it. ACS is concerned that important planning assessments like the 'sequential test' and 'needs test' that drive new investments into town centres are not suitably enforced.

**For more information on this submission please contact Steve Dowling at [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk) or call 01252 533009.**

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<sup>5</sup> The Non-Domestic Rating (Small Business Relief) (Wales) Order 2008

<sup>6</sup> NFSP. [Rates Relief for post offices 2015 - 2016](#)

<sup>7</sup> Enterprise and Business Committee. Regeneration of Town Centres. January 2012.

<sup>8</sup> ACS Investment Tracker: May 2016.

<sup>9</sup> [Councils Must Deliver Local Plans for new Homes by 2017](#)

<sup>10</sup> Planning Policy Wales Chapter 10: "Individual small shops, such as convenience stores, which are not part of established centres, can play an important economic and social role, particularly in rural areas and in urban areas with limited local provision and their loss can be damaging to a local community."