

SUBMISSION FROM THE SCOTTISH RETAIL CONSORTIUM

The Scottish Retail Consortium (SRC) is the lead trade association for retailers operating in Scotland. Our membership comprises retailers large and small, selling food and non-food and operating on the High Street, in rural communities, out of town and online. The retail sector is crucial to the Scottish economy and remains the largest private sector employer in Scotland employing around 240,000 people and currently represents 9 per cent of total employment in Scotland.

First, we wanted to inform the Committee that the SRC has written to the Cabinet Secretary for Finance to urge him to freeze non-domestic rates (NDR) for Scottish businesses in 2013. We have taken this decision not only because Scottish retail sales performance continues to lag behind the rest of the UK – overall sales growth in Scotland has underperformed the rest of the UK for 18 months in a row – but also because of the cumulative and disproportionate impact another rise based on September's Retail Price Index (RPI) figure will have on the sector.

We have calculated that if the Scottish Government progresses with another rise in NDR in line with September's RPI of 2.6 per cent this will hit retailers in Scotland with £20m in extra costs and will follow significant increases in 2011 (4.6 per cent) and 2012 (5.6 per cent) which would amount to a cumulative increase of around £80m over the last three years. Given that retailers already pay 28 per cent of all business rates another increase will clearly have a disproportionate impact on the sector. For some large retailers this will also be in addition to the extra £95m they are paying to the Scottish Government for the Public Health Supplement (PHS).

Second, we note that the Draft Budget makes reference in general terms that the PHS is being used to support preventative spending without any detail as to what exactly this means in terms of supporting public health outcomes. The SRC, for instance, has been very active in supporting Scottish Government aims to promote a healthier Scotland through the actions laid down in the Obesity Route Map. We have also been aware, however, that more could be achieved if SMEs and other smaller retailers were better supported by the Scottish Government and we believe that, as one example, the PHS should be used to achieve this. Indeed, given the strength of feeling around this tax, and in the interest of transparency, the SRC would encourage the EET Committee to pursue with the Scottish Government on precisely what public health measures the additional £95m from the supplement is being spent.

Scottish Retail Consortium
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