

**Retail Sector Council – 3 December 2020**  
**Meeting Note**

**1. Attendees**

**Co-Chairs:** Paul Scully, Co-Chair  
Richard Pennycook, Co-Chair

**Attendees:** Helen Dickinson (British Retail Consortium)  
Diane Savory (GFirst LEP),  
Ian Filby (Joules)  
Nick Beighton (ASOS)  
Victoria Robertshaw (Keelham Farm Shop)  
Andrew Goodacre (BIRA)  
James Lowman (Association of Convenience Stores)  
Doug Gurr (Amazon)  
Paddy Lillis (USDAW)  
Carl Creswell (BEIS)  
Craig Watson (BEIS)  
Ursula Lidbetter (Lincolnshire Co-op)  
Dave McCarthy (HSBC)  
Paul Marchant (Primark)  
Peter Jelkeby (Ikea)

**Guests:** Jesse Norman (Financial Secretary to the Treasury), Andrew Griffith (Net Zero Business Champion), Emma Nineham (Re\_set), Kevin Barrett (Re\_set)

**Officials:** Tom Ironside (BRC), Stephen Bethel (BRC)

**Apologies:** Roger Burnley (Asda)  
John Rogers (WPP)  
Nick Read (Post Office)  
John Boumphrey (Amazon)  
Seb James (Boots)

**2. Summary of actions**

<b><u>Action</u></b>	<b><u>Owner</u></b>
<b>Action:</b> Retail Sector Council to consider and provide additional evidence and comments to Treasury arising from the Business Rates issues discussed.	Richard Pennycook
<b>Action:</b> Andrew Griffiths to convene a sub-group of the Retail Sector Council to discuss opportunities to support the Sector Council's Net Zero initiative.	BEIS
<b>Action:</b> Defra to follow up on specific proposals to support the project and the pilot work.	Defra
<b>Action:</b> Sector Council members who wish to actively support the project to contact Victoria Robertshaw.	Sector Council Members

<b>Action:</b> Retail Sector Council to consider where funding can be found to support the Net Zero initiative.	Richard Pennycook, Retail Minister
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### 3. Note of Discussion

#### a) Welcome, Introductions and Update from the Minister

The Minister welcomed attendees to the meeting and provided an overview of the agenda. He expressed thanks to retail for the efforts which had been made to reopen successfully and safely. He looked forward to tackling future challenges with the industry in the weeks to come. He welcomed Jesse Norman, the Financial Secretary to the Treasury, to attend the meeting. He also welcomed Andrew Griffith MP, the UK's Net Zero champion, to the meeting.

Richard Pennycook also welcomed attendees to the meeting and noted the agenda's focus on strategic priorities rather than the more tactical Covid interventions.

#### b) Business Rates (Call for Evidence)

Richard Pennycook welcomed the participation of Jesse Norman. He provided an overview of the Retail Sector Council's submission to the second tranche of the Business Rates Call for Evidence. He particularly emphasised that the Council's focus in developing the submission had been to consider what the industry, rather than individual companies, most required. It was noted that the transformation of the industry, bringing to an end the closed system that had historically existed, had in turn undermined the ability of retail to pass on business rates costs efficiently. This had in turn made a contribution to the distress now being experienced in key parts of the retail industry, one outcome of which has been a sharp increase in vacant buildings. Addressing the ~~broken~~ Business Rates system is therefore essential. ~~Serious~~ consideration should be given to using VAT and/or Corporation Tax to address the shortfall arising from placing the reformed system on a more sustainable footing. Finally, finding effective methods to address the cliff edge in April next year is a priority for retailers. Richard Pennycook invited Jesse Norman to provide an update on the Treasury's progress in its review.

Jesse Norman welcomed the Sector Council's engagement with the Business Rates review. He affirmed that HMT are very attuned to the issue and the players who are impacted. He emphasised that the Government is strongly supportive of the UK retail sector and its contribution in the economy and society. He provided an overview of the measures that government has put in place both to address the Covid outbreak and to support businesses impacted by the crisis. All the same the Government had committed to examine Business Rates in its manifesto, pre-dating the current crisis. He also noted the additional measures announced in the Spending Review, including freezing the multiplier for 2021/22, considering additional Covid reliefs in the new year and providing additional resources to the VOA.

In the discussion that followed, Jesse Norman asked for further information about the proposed reduction in the Business Rates multiplier set out in the Retail Sector Council's submission. In response, it was highlighted that the proposed reduction represented the resulting adjustment that might be expected once the existing position is effectively rebalanced at the next revaluation. Jesse Norman emphasised that the Treasury's goal in responding to the Call for Evidence would be to set out a 10 year roadmap to fundamentally address the issues being identified. Strong support was emphasised from all attendees to an ambitious 10 year forward plan.

Problems with the VOA approach to valuation were highlighted, which was felt to have associated inefficiencies. It was proposed that a de minimis level could be used to reduce the need for individual valuations for lower value properties currently exempt from paying Business Rates in order to save time and resources of the VOA.

The implications of the prospect of a reducing pool of properties that pay Business Rates was highlighted. In a retail context, the future of the industry is both physical and digital. Finding the right balance between those components will be the challenge for most businesses. Against that backdrop, all of the businesses concerned will be looking at where they get the most effective return on investment. It is therefore essential that unsustainable costs of property, particularly Business Rates, are effectively addressed. The council contended, as per their submission to the CfE, that the answer should not be to look to impose additional taxes that fall significantly on the industry in the place of Business Rates, for example in the form of an Online Sales Tax. This is due to concern of shifting the burden to digital retailers. The increased linkage of digital and physical retailing accelerated as a result of the pandemic, the importance of pricing and offer consistency across channels were also highlighted when Jesse Norman expressed surprise that online taxes were not being recommended by the submission.

The need for the underlying market value of a property to be reflected much more quickly as the basis for the rating assessment and the prospect of more frequent valuations were also discussed. Jesse Norman asked about the possible trade off between constraining the volume of appeals and more frequent valuations to ensure a sustainable, affordable system. Sector Council members considered that increased VOA valuation transparency would help to address existing issues which lead to the large volumes of appeals experienced currently.

**Action:** Retail Sector Council to consider and provide additional evidence and comments to Treasury arising from the Business Rates issues discussed.

### **c) Net Zero and the Circular Economy**

Andrew Griffith was welcomed to the meeting in his role as the Net Zero champion. He welcomed the role which the industry had played during the pandemic to ensure the effective provision of goods and services to customers. Net Zero is an incredibly important agenda for the UK government and the role of businesses in achieving the objectives will be key. The retail sector has been invited to join a campaign task force to support the smallest businesses to play their part in contributing to the overarching objectives. Equally, championing innovation and effective approaches is a key route to building positive momentum. Finally, a key area of focus will be to address policy barriers that impeded progress.

Sector Council members welcomed the Government's objectives and emphasised that they are committed to actively supporting this initiative. Victoria Robertshaw outlined the steps that the Sector Council workstream will take to support SME retailers to play their part and introduced the role of Re-set in supporting the initiative. Re\_set gave a presentation summarising the approach and the progress made to date.

The objective is to develop a simple guide for any smaller retailer to understand the role which it can play in the circular economy. This will demystify the issue and boost engagement. The principles will be piloted in a single area to identify how these can best be launched and introduced into businesses in a local area. Effective accreditation will also be explored to promote participation and engagement. Harnessing COP26 also provides a unique opportunity to promote the progress made to date.

Looking to overseas approaches was also highlighted as being of particular value. The approach in Taiwan to plastic recycling has been particularly effective.

**Action:** Andrew Griffiths to convene a sub-group of the Retail Sector Council to discuss opportunities to support the Sector Council's initiative.

**Action:** Defra to follow up on specific proposals to support the project and the pilot work.

**Action:** Sector Council members who wish to actively support the project to contact Victoria Robertshaw.

**Action:** Retail Sector Council to consider where funding can be found to support this initiative.

#### **d) AOB**

No items identified.

#### **Dates for forthcoming meetings - 2021:**

- **3 February 2021**
- **2 June 2021**