



Saving the High Street?

In his Autumn Budget delivered last month, Philip Hammond made a number of promises. One of these was measures to improve the lack-lustre retail sector in our town and city centre areas.

There is no doubt that the major online retailers such as Amazon and eBay have caused a major shift in the way we shop. As faster and more reliable broadband has made home computers and smart phones more commonplace - the drift away from viewing and buying goods on the shelf to browsing and buying online will likely continue.

This is great if you have a thriving internet retail business, but not so good if you have committed to the use of expensive retail premises in a town or city centre location.

At present, online retailers have a competitive advantage over their High Street rivals - they don't have to pay business rates or rent for shop front property or sales staff salaries. And, in the case of the mega online retailers, who can afford to exploit the use of tax havens to shelter their trading profits, they do not pay comparable tax on their trading profits.

Did Philip Hammond save these failing, High Street retail outlets when he delivered his budget speech?

Well, he made a start...

The recent Budget offered a one-third reduction in business rates for retailers with smaller shop premises: those with a rateable value below £51,000. This reduction though is only for a limited period, two years from April 2019.

He has committed £675m to rejuvenating town and city centre areas. This will help support the cost of improving traffic flows to shopping areas, the renovation of empty retail premises to provide residential accommodation, and the repurposing of older or historical property. High Street shops depend on foot-fall - if shoppers don't pass by, then it's unlikely they will become customers. In this respect, hopefully this investment should encourage people to live and shop in these areas.

Mr Hammond also committed to start the process of increasing the UK tax take from online retailers, social media outlets and search engines who sell goods and services to UK users. From April 2020 these businesses will encounter a new digital services tax, which will levy a 2 per cent charge on the revenue made from sales to customers in the UK.

Has Philip Hammond saved the High Street? These changes will have some impact, but whether this will slow or stop the movement away from window shopping to browsing the internet, remains to be seen.

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