

# STATES OF JERSEY



## **RETAIL POLICY (S.R.6/2014): RESPONSE OF THE MINISTER FOR ECONOMIC DEVELOPMENT**

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**Presented to the States on 19th August 2014  
by the Minister for Economic Development**

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**STATES GREFFE**

## **RETAIL POLICY (S.R.6/2014): RESPONSE OF THE MINISTER FOR ECONOMIC DEVELOPMENT**

<b>Ministerial Response to:</b>	S.R.6/2014
<b>Ministerial Response required by:</b>	11th August 2014
<b>Review title:</b>	Retail Policy
<b>Scrutiny Panel:</b>	Economic Affairs

### **INTRODUCTION**

The Minister for Economic Development welcomes the report by the Economic Affairs Scrutiny Panel into Retail Policy. The Report is supportive of the need to develop both a suite of short-term measures and a new long-term plan for the sector, whilst making a number of useful recommendations that have influenced, and will continue to influence, the development of both.

Jersey benefits from a diverse retail sector which has proved reasonably resilient during a period of economic difficulty, but that clearly needs some assistance from Government. The sector is broadly made up of international brand names, stable high street anchors and some innovative independents, but also many retailers struggling to survive in an extremely competitive environment – with rapidly changing consumer needs, behaviours and expectations. The Scrutiny Panel’s investigation into these issues has highlighted, once again, the need for greater co-ordination across States’ departments. Retail is not dependent on government for financial support, but is affected by a wide range of government policy and regulation. The Minister for Economic Development is committed to promoting a ‘whole of government’ approach as the only effective way to support not only retail, but all sectors of the economy. A ‘whole of government’ approach would help create the right environment to give businesses the confidence to invest, grow and diversify.

The following responses include, where indicated, responses from the Minister for Treasury and Resources.

## FINDINGS

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
1	Retail remains an important sector of the Jersey economy, accounting for approximately 7% of the total GVA and nearly 8,000 employment positions. However, the value and volume of retail sales have notably declined since 2008 and there are signs that this trend is likely to continue, particularly with regard to non-food products.	Agreed.
2	The overarching retail policy since 2006 has been the Retail Framework, which has focused predominantly on food retailing, food price competition and supermarket operators. It was last updated in 2010.	The prevailing retail policy is the Retail Framework from 2010.
3	Although slow to react, since August 2013 the Minister for Economic Development has recognised and begun to act on the need to engage with retailers to develop initiatives and plans to help address the downward economic trends and challenges associated with the on-Island retail sector.	It is not correct to suggest that the Minister for Economic Development has been slow to react. The investment in Jersey Business Ltd. to support SMEs, which make up a large portion of retail, is one example. However, it is clear that greater engagement and co-ordination is necessary, hence the Interim Retail Development Plan and development of a long-term Plan The delivery of the Plan for the Retail Sector needs to be a genuine partnership, with the actions jointly owned by the Government and the retail sector.
4	The Chief Executive of Jersey Business, who has played a significant role working with the Economic Development Department on the development of the draft Retail Development Plan, is leaving the organisation. It is unclear if this will have an impact on any of the draft initiatives currently proposed to involve Jersey Business.	The fact that Jersey Business Limited are in the process of recruiting a new Chief Executive will not impact the Retail Development Plan, once launched in September 2014.
5	Doubts about the positive outcome of a free parking trial on Saturdays were raised amongst TTS, EDD and the Town Team. The approximate cost of such a trial (£300,000) has since been earmarked to assist alternative retail initiatives.	Agreed.

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
6	The Economic Development Department created avoidable confusion and delays to its own and the Panel's work in relation to retail, by developing the draft Retail Development Plan with inadequate inclusion of and communication with other stakeholders, and failing to notify the Panel of the ongoing work despite procedural requirements to do so.	A draft version of the Retail Development Plan was distributed to some stakeholders for comment. Unfortunately it was not made clear enough that the version sent was a draft for comment and <u>not</u> wider distribution.
7	Despite the highly promising purpose and membership of the Town Team, its future is uncertain. There are proposals from the Economic Development Department for the Town Team to be incorporated within or perhaps even replaced by a new 'Retail Jersey' brand via the Retail Development Plan.	Whatever the group is ultimately called, its purpose and membership is established and the good work it has begun will continue.
8	Online competition represents the most significant challenge to Jersey's 'high street' retailers.	Agreed. Competition from the Internet is the most significant, although not only, challenge for Jersey's high street.
9	Online retailers are notably more appealing than traditional bricks and mortar retailers around the issues of price and shopper convenience.	Agreed. It is also important to recognise the greater choice of products and indeed retailers as a significant online 'product plus'.
10	It is estimated that 35,350 (85% of the total) Jersey households are purchasing products and services online, with the total online spend in 2013 amounting to £258 million.	These figures are taken from market research undertaken by Island Analysis. The figures are, however, disputed by elements of the Jersey 'infrastructure' servicing online retail.
11	The average annual online household spend in Jersey in 2013 was just over £7,000.	See 10 above.
12	Research demonstrates that mobile tablets and, particularly, smart-phone devices, have become increasingly important as a means of purchasing products and services online. The trend in '24/7' purchasing culture is expected to continue to develop as mobile technology increasingly facilitates anytime-anywhere shopping.	Agreed.
13	82% of respondents to a shopping habits survey said they would welcome the opportunity to spend more money with local retailers if only they had suitable e-commerce websites. In general, however, the online sales platform and marketing/social media presence of local retailers has not	Agreed.

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
	adequately developed to meet the challenge of off-Island online retailers, although some creditable and co-ordinated platforms have begun to emerge.	
<b>14</b>	Jersey's high street retailers can continue to aspire to a positive future, but to help achieve this must harness the opportunities provided by ever improving technology.	Agreed.
<b>15</b>	The Minister for Economic Development is broadly supportive of the general concept of the Jersey Chamber of Commerce's 'Jamazon' initiative, but is not convinced that it represents the best value or most suitable option to deliver the desired outcome for the Island's retailers.	Agreed.
<b>16</b>	Retailers in Jersey will need to continue to develop 'multi-channel' retailing models combining bricks and mortar, online sales/booking, click and collect and/or home delivery.	Agreed. Retailers will need to adapt their business models to suit modern demands.
<b>17</b>	Jersey's many small retailers may require significant co-ordination and some government assistance to overcome the challenges of scale and cost in developing 'multi-channel' retailing models.	Agreed. Expansion of choice is also an important consideration.
<b>18</b>	Face-to-face customer service is widely regarded as one of the opportunities for 'high street' retailers to gain advantage over online competition. However, the quality of customer service in Jersey has been found to be highly variable. Retail owners and managers are ultimately responsible for improving this situation, but can be assisted by government.	Agreed. Customer service workshops have been held, with more planned. Mystery shopping will be used to measure impact.
<b>19</b>	In general, Jersey retailers have not fully reacted to changing customer habits and are potentially restricting shopping opportunities through outdated '9 to 5' opening hours. Later closing times on a more regular basis have been identified as being attractive to shoppers.	Agreed.

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
<b>20</b>	Sunday trading remains a contentious matter. Opinion on the Minister for Economic Development's Sunday trading trial has been split, with 54% of respondents to the associated White Paper not in favour of the trial.	It is not disputed that Sunday trading in Jersey is a contentious issue; however, the Chamber of Commerce consultation to its members was in favour of further deregulation, which is one of the reasons the Minister for ED, in his role as 'business champion' concluded there should be a debate on the matter.
<b>21</b>	It is not clear whether current Sunday trading restrictions are a significant barrier to retail in Jersey. Very few retailers are currently restricted from opening on Sundays.	Sunday trading in the centre of town will require a critical mass if it is ever to be successful. Very few retailers are <u>prevented</u> from opening currently, but it is the larger, 'anchor' stores that cannot open and the lack of that footfall is thought to be critical. When considering retail in other jurisdictions, those with the most liberal opening hours have the most robust retail sectors. However, the States have now decided that a more liberal Sunday Trading Law is not in the Island's best interests.
<b>22</b>	Relaxation of Sunday trading restrictions appears to be of more obvious potential economic benefit to certain out-of-town retailers, such as garden centres, than retailers in town.	See <b>21</b> above.
<b>23</b>	Amending current weekday/Saturday trading hours would appear to be a greater priority than changes to Sunday trading. It could provide greater positive consequences for a larger number of retailers and consumers than a Sunday trading trial with significantly less contention.	Agreed.
<b>24</b>	At the end of the Minister for Economic Development's proposed 'liberalisation' trial of Sunday trading legislation, although the legislative position would revert to the current situation restricting those with a sales area of more than 700m <sup>2</sup> , there is concern that it would be difficult culturally to 'turn the clock back'.	Had the trial been adopted by the States Assembly, the Law would have automatically reverted back, and business practice with it. It was made abundantly clear that the trial would only have been able to become permanent by a further decision of the States Assembly.
<b>25</b>	Certain negative impacts that might result from the proposed Sunday trading trial, such as small business closures due to increased competition from larger retailers, could be irreversible.	There was no evidence to suggest that there would be negative impacts from a trial liberalisation of Sunday trading.

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
26	Local retailers are effectively forced to compete on an uneven playing field with off-Island/online retailers, due to the application of 5% GST on the price of locally sold goods and the existence of the £240 <i>de minimis</i> level under which imported goods attract no GST.	<p><b>Minister for T&amp;R:</b></p> <p>“Bricks and mortar” retailers are in a different position to online retailers for a number of reasons, only one of which is the GST treatment. The Minister for T&amp;R agrees that no GST is charged on goods imported below £240.</p>
27	Potential GST revenue is being missed out on by the Treasury, and increasingly so, with the growing trend in off-Island, online shopping.	<p><b>Minister for T&amp;R:</b></p> <p>The Minister for T&amp;R agrees that the existence of the GST <i>de minimis</i> limit at £12 of tax means that some GST revenue is foregone on imported goods costing less than £240. This was recognised by the States Assembly in 2008 when it debated and agreed the <i>de minimis</i> limit. In the debate, the States sought to balance the GST revenue foregone with the need for Customs clearance of low-value items that are imported in high volumes and are likely to overwhelm any control system.</p> <p>As a result of research undertaken by the Customs and Immigration Service, based on 2012 data, it is estimated that if the <i>de minimis</i> limit was removed, then the potential extra import GST revenue would be £783,000 per annum.</p> <p>The Minister for T&amp;R has agreed to review the appropriateness of the current £12 limit and to report back by the end of 2014.</p>
28	Reducing or removing the <i>de minimis</i> level would not be straightforward. For instance, although it is estimated that its removal would achieve an increase in GST collection of approximately £800,000; at Jersey Post alone it would necessitate at least an extra 241,000 consignments (averaging 660 per day) requiring customs clearance per year. This would represent an increase in workload of approximately 28%, which would require funding.	<p><b>Minister for T&amp;R:</b></p> <p>The process for reducing or removing the <i>de minimis</i> level is not difficult in itself. The repercussions of such a decision, however, could be significant.</p> <p>This has already been seen following the increase in the GST rate from 3% to 5% in June 2011. As a result of the change, the value of goods that could be brought into the Island before GST became due fell from £400 to the current level of £240.</p> <p>In 2011, approximately 897,000 consignments were brought into the Island by freight companies. The value of each of these consignments were declared, as required, on a Customs manifest. (These figures do not take into account any parcels imported at the Post Office through Parcel Force or any of the Royal Mail First and Second Class bulk mail which is not manifested. Under the World Customs Organisation rules there is no requirement to manifest postal traffic, though that</p>

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
		<p>may change in the next few years. As a result, officers have to attend the Post Office on a daily basis to physically check these parcels and detain those that require payment of GST.)</p> <p>Between 1st January and 31st May 2011, when the GST rate was 3%, the value of goods that could be imported without payment of GST was £400. Officers in the Customs and Immigration Service processed 26,500 declarations during that period. Following the increase in the GST rate on 1st June 2011 to 5%, and the consequent reduction in the value of consignments that could benefit from the <i>de minimis</i> limit to £240, more consignments had to be declared. Between 1st June and 31st December 2011, the number of declarations processed by officers in the Customs and Immigration Service increased to 53,500. The number of declarations, therefore, increased from 5,300 per month to 7,600, an increase of approximately 43%. It should be noted that the extra workload to process these declarations had an impact on officers' capability to undertake other proactive customs/immigration enforcement. Any further decreases in the <i>de minimis</i> limit will have a further negative impact on the Customs and Immigration Service's enforcement capability.</p> <p>To give a better perspective regarding increased workloads and the impact a further decrease in the <i>de minimis</i> limit would have on the Customs and Immigration Service, officers have previously provided information on 2012 manifest consignment data. In 2012 there were approximately 862,000 consignments manifested into the Island. (Again, this does not take into account ParcelForce/First/Second Class bulk mail which is not manifested.) With the <i>de minimis</i> limit at its current level, 241,000 (28%) of those consignments fell below the limit and did not require customs clearance. If the <i>de minimis</i> limit were to be removed, all of these consignments would require formal customs clearance. It is estimated that this would result in an extra £783,000 of GST being collected.</p> <p>If the <i>de minimis</i> limit was reduced to £6 (£120 in value terms), then an extra 33,500 consignments would require formal customs clearance, and it is estimated that an extra £340,000 of GST would be collected. If the <i>de minimis</i> limit was reduced to</p>

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		<p>£9 (£180 in value terms), then an extra 11,500 consignments would require formal customs clearance. It is estimated that an extra £156,000 of GST would be collected.</p> <p>This reflects the impact from a customs perspective. The Panel might be interested to note that, prior to the introduction of GST in 2008, a review of the <i>de minimis</i> limit was undertaken by Crown Agents. Jersey Post and the Fast Courier Service operators were consulted. The view of both was that the lower the <i>de minimis</i> limit, the greater the resource implications for them. The resources to which they referred were not merely in terms of staff to administer the notification of the detention of parcels, but also the issue of warehouse space. If a large proportion of the parcels imported every day were subject to GST, then many of them would have to be stored whilst the importer is notified and the tax collected. With limited warehouse space, the companies concerned indicated that such a proposition would be difficult for them to accommodate.</p>
29	<p>Amending the <i>de minimis</i> rules with a view to the States forming agreements with off-Island online retailers to collect GST on its behalf for sales to Jersey-based customers, has been raised as an idea to help ‘level the playing field’. Nevertheless, such a solution holds challenges and potentially significant, if unintended, negative consequences.</p>	<p><b>Minister for T&amp;R</b></p> <p>There are 2 issues here: firstly, the question of the level at which the GST <i>de minimis</i> limit is set. A reduction in the <i>de minimis</i> limit would mean that Jersey residents would be charged GST on more of the products that they buy online, as tax would be due on packages costing less than the current limit of £240.</p> <p>The second issue is whether the States could form agreements with off-Island online retailers such that they would voluntarily agree to collect GST on the products they sell to Jersey residents.</p> <p>Both of these need to be considered carefully. They both have the potential to increase the cost to Jersey residents of buying online, potentially removing some – though not necessarily all – of the price disparity between products sold in Jersey and online. It is important to consider the impact of this on Islanders, as well as on local retailers. They also carry the potential to increase the cost of administering the system for the States and freight companies, in the first case, and for online retailers in the second case.</p> <p>It must also be recognised that the likelihood of any off-Island online retailer voluntarily agreeing to the collection of Jersey import GST is</p>

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
		<p>extremely remote. It is worth reiterating that the UK retailer which charges Jersey GST on its sales here does so because the GST Law obliges it to do so by virtue of the way in which it sells its products. In that case, the goods remain the property of the seller until after they have reached the customer. This means that the supply is considered to be made in Jersey, and therefore the retailer is liable to register for GST. Most other retailers operate on the basis that the goods become the property of the customer at the point at which they are paid for, i.e. before they have been despatched. In that case, the goods are supplied from outside Jersey and therefore the supplier is not required to charge GST.</p> <p>The Minister for T&amp;R recognises the complexity of the issues involved, and has agreed to review them and to report back by the end of 2014.</p> <p><b>Minister for ED</b></p> <p>The Minister for ED will engage fully with the proposed review.</p>
<b>30</b>	<p>It is widely agreed that the Retail sector would benefit from the attention provided and generated by an appropriate 'Retail Champion'. To carry the required authority and ability to influence on retail-related matters within the States, it was identified that the 'Retail Champion' should be a sitting politician.</p>	<p>The Minister for Economic Development is the 'champion' for retail within the States Assembly. It is felt that dedicated resource to support the sector is required.</p>
<b>31</b>	<p>The 'Retail Champion' should be supported with suitable executive support on a day-to-day basis. This role would include much of the retail-related work currently undertaken within the Economic Development Department, and additional work emerging from initiatives such as the proposed activity and co-ordination around an events calendar (see also 7.8.2). Regular liaison through a comprehensive stakeholder group, such as the current Town Team, remains important.</p>	<p>Agreed. See <b>30</b> above.</p>
<b>32</b>	<p>Within the draft Retail Development Plan, the Minister for Economic Development is considering the establishment of a 'Jersey Retail' brand within Jersey Business, through which support to the retail sector could be delivered. The merits of such a structure are not apparent to the Panel.</p>	<p>Jersey Business Limited (JBL) is the support service for all businesses in Jersey. Having an expert dedicated to retail within JBL is only one possibility under consideration for the Retail Development Plan, which is to be formally launched in September 2014.</p>

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
<b>33</b>	Building on current practice, there is wide support for increased retail activity to be undertaken linking directly into a range of current and potentially new events and/or themed days. It has been widely agreed that this should be actively co-ordinated, with necessary scheduling and focus provided by a dedicated events calendar for retailers.	Agreed. There should be greater co-ordination of events generally to allow retailers to engage with tourism events. This will be a key focus of the Retail Development Plan and the associated support.
<b>34</b>	It is not unusual for event organisers to be required to complete significant processes in order to obtain permissions to hold events. The requirements do not always appear to be in proportion to the size or nature of the event.	Many of the processes are outside of EDD's control and stem from a variety of legislation. Part of the purpose of the long-term Retail Development Plan will be to examine the barriers and streamline the processes to enable greater creativity.
<b>35</b>	There can be restricted access for events during the year in some of the more suitable and attractive sites.	Agreed.
<b>36</b>	Although visually attractive and creating an often improved atmosphere, it is difficult to strike the right balance between pedestrianisation and the needs of retailers to service premises. Pedestrian priority initiatives, already seen in some parts of the Island, appear to provide an appropriate compromise.	P&E/TTS
<b>37</b>	Maximising the physical attraction and the ease of moving through town were identified as important means of encouraging people to choose to shop in town. However, inadequate pavements and clumsily placed bollards and street furniture were cited as examples of existing physical barriers that negatively impact on the ability of people to enjoy the experience of shopping in town.	TTS
<b>38</b>	The covered markets should be a 'jewel in the crown' of Jersey's retail sector, acting to stimulate footfall in town and attracting shoppers to a vibrant retail core. Presently however, whilst architecturally attractive, the markets fail to live up to such expectations, and radical change has been widely called for to improve on the tired atmosphere and generally underwhelming offerings.	<b>Minister for T&amp;R</b> Jersey Property Holdings have instigated a number of projects to improve the ambience and condition of the markets. Following the successful re-roofing of the Central Market, a major renewal of the Fish Market roof will commence in autumn 2014. This will include the introduction of greater natural light, as well as improvements to modern electric lighting and a full redecoration. This is coupled to a series of other works, detailed below.

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
		<p><i>Roof Refurbishment Fish Market:</i></p> <p>This is a major project to entirely re-roof the Fish Market, including redecoration, significant increase of natural light, new electrics and alarm systems, automatic/manual venting, new and improved lighting. Planning consent received.</p> <p><i>Status of project:</i></p> <ol style="list-style-type: none"> <li>(1) Detailed survey of roof completed, which has identified additional issues with structure. Remedial works being incorporated into tender documentation.</li> <li>(2) All drawings and tender documents to be completed and issued for tender by end July 2014.</li> <li>(3) Tenders to be returned by the end of August 2014.</li> <li>(4) Work is scheduled to start on the site at the end of September 2014.</li> </ol> <p><i>Additional Works Fish Market:</i></p> <ol style="list-style-type: none"> <li>(1) Cleaning of granite arches completed.</li> <li>(2) Redecoration of Minden Street masonry around entrance completed.</li> <li>(3) New signage agreed with Planning subject to final confirmation in autumn 2014.</li> <li>(4) Redecoration of metal work in autumn 2014.</li> <li>(5) Removal of superfluous fittings completed.</li> <li>(6) Refreshing of paintwork to lighten market completed.</li> </ol> <p><i>Future Works:</i></p> <ol style="list-style-type: none"> <li>(1) Floors to both markets to be renewed.</li> <li>(2) Fountain to be fully refurbished, including water features, redecoration and lighting (early 2015).</li> <li>(3) Upgrade to lavatory facilities.</li> <li>(4) Wind barrier to Halkett Place to be devised and installed (early 2015).</li> </ol> <p><i>Development Proposals:</i></p> <p>The Fish Market also has the potential to be reconfigured and expanded.</p> <p>An initial concept considering opening up the Fish Market into Cattle Street Car Park has been proposed.</p>

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
		<p>This would create the opportunity to reconfigure the retail and restaurant area, create seating areas, alfresco and open space.</p> <p>The open areas could be available, not only for alfresco eating, but also for entertainment and cultural events, and for temporary markets which, coupled to a pedestrianisation of Cattle Street, would be a significant regeneration opportunity.</p> <p>These are at an early stage of development, but have received a positive response from the Jersey Public Markets Tenants' Association.</p> <p>Notice has been served on Jersey Telecom to terminate their licence on the Cattle Street Car Park to facilitate this proposal. Two years' notice was required to secure vacant possession.</p> <p>Advancing the proposal will be dependent on funding availability.</p> <p><i>Tenant Redecoration:</i></p> <p>It was recognised that certain tenants have fallen behind in respect of the redecoration of their units, and a requirement of the grant of the new lease is to remedy that fact.</p> <p>The new leases have a redecoration clause to ensure tenants bring units to the required standard within 6 months of the completion of the lease. See below:</p> <p>6.3 Repair and Decoration</p> <p>(a) Unless otherwise agreed by the Lessor in writing the Lessee shall be obliged to redecorate the exterior and any visible interior of the Unit within six months of the Completion Date in a proper and workmanlike manner in colours previously agreed with the Lessor and to the Lessor's reasonable satisfaction.</p> <p><i>Tenant Mix and Use</i></p> <p>It is important that a suitable tenant mix is managed in any retail environment.</p> <p>The markets are predominantly food-focused.</p> <p>The new leases will have specific user clauses to assist control on tenant mix and offer. See below:</p> <p>6.21 To use the Unit only for the Permitted Use and not for any other purpose without the express written consent of the Lessor such consent shall not be unreasonably withheld</p>

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
		having regard to the Lessor's duty to act in the best interests of the Property those conducting business from the Property and general public making use of it.
39	Although there have been recent moves towards the creation of a traders' association, there has been a lack of cohesion and collaboration amongst the covered market traders that has been a barrier to progress in the markets.	<p><b>Minister for T&amp;R:</b></p> <p>The Jersey Public Markets Tenants Association (JPMTA) has been formed, and the Committee meet monthly with JPH to discuss market matters, including – the now agreed lease renewals, current and future works, marketing matters, as well as general operating issues. The group will also provide input to general retailing matters in St. Helier and the Island as required. Other relevant stakeholders will be invited to attend as appropriate. All market tenants are required to be members.</p> <p>It has been proposed that the JPMTA be represented on the St. Helier 'Town Team' group to be a voice for the market traders in both the Central and Fish Markets.</p>
40	Issues regarding parking featured in almost all submissions received by the Panel during the Review. Parking matters present a very real challenge to retailers, but there are workable initiatives that could help improve the situation.	Agreed. Parking matters will form part of the long-term Retail Development Plan, where a 'whole of government' approach is essential.
41	Overall capacity amongst town's car parks is adequate to accommodate demand from commuters and shoppers, but the geographic distribution of spaces is not. The north of town is under-served by the current car parking provision, and Pier Road car park is too frequently under-capacity.	TTS
42	Minden Place is a vital shopper car park, but, as with others, it is outdated and requires significant refurbishment, modernisation, or complete replacement.	TTS
43	There continues to be significant frustration with the scratch-card system, whilst the automatic number plate recognition system in Sand Street has been widely welcomed.	TTS
44	There is wide acknowledgement and support for more bus services to be provided to help people access town at points other than Liberation Station, along with a service that	TTS

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
	would link urban areas whilst penetrating towards the town centre. The latter could encourage more shoppers to visit town and other retail areas such as Les Quennevais Parade.	
<b>45</b>	There is some confusion over the status and continued relevance of existing planning strategies for town, notably the North of St. Helier Master Plan.	P&E
<b>46</b>	The current withdrawal of proposals for development around Bath Street by Le Masurier's has been a significant setback for retail regeneration opportunities in that area.	P&E
<b>47</b>	The town footprint and retail core is shifting south-westerly with the influence of the developing waterfront area. Additionally, there are indications that the town retail core could contract due to the challenging trading conditions, to be increasingly anchored by King Street and Queen Street.	P&E
<b>48</b>	Despite certain improvements in Planning application processes, retailers continue to face challenges relating to change of use policies. The challenges can disproportionately affect small businesses and retailers with small premises. The time taken to gain relevant permissions and compliance with bye-laws such as those relating to the provision of toilet facilities were identified as being particularly challenging. Due to the impact of the shifting town footprint in increasing the number change of use applications, such occurrences may become more frequent.	P&E
<b>49</b>	King Street and Queen Street have retained almost unparalleled full occupancy levels over recent years, despite the challenging retail environment.	Agreed.
<b>50</b>	Rents have not been identified as currently being a leading challenge to retailing in Jersey. It appears that a number of landlords recognise the challenging retail environment, generally leading to rents being established at levels that have not deterred tenancies being taken.	Agreed.

	<b>Findings</b>	<b>Comments (ED unless otherwise specified)</b>
<b>51</b>	Whilst King Street and Queen Street have retained robust occupancy levels, there have been instances of short- and, more significantly, long-term unoccupied shops outside of the retail core. There is currently no States policy designed to help address such detrimental occurrences.	See the Response of the Minister for Planning and Environment ( <a href="#">S.R.6/2014 Res.</a> ), presented to the States on 25th July 2014.
<b>52</b>	Retail, tourist, traffic and general information signage is too often underwhelming, inconsistent and outdated. This is a matter that requires the co-operation and co-ordination of a number of stakeholder groups to improve, including retailers themselves and authorities such as Jersey Tourism (ED), other relevant States Departments and the Parish of St. Helier.	Agreed. Greater co-ordination between all parties to develop and agree a signage master plan is required. The 'retail champion' will co-ordinate this work.
<b>53</b>	Increased use of flags and banners has been identified as a relatively quick and inexpensive means of refreshing and animating retail areas, although concerns were raised about the possible nature of the associated planning process, including by the Minister for Planning and Environment.	P&E
<b>54</b>	Despite related reviews, there are no clear signs that the challenges of avoidable government bureaucracy is easing. This challenge to retailers is amplified by the fact that the majority of retailers are small businesses, often owner-run and often with a workforce of below five.	Disagree.
<b>55</b>	The continued presence of undue government bureaucracy can in no small part be attributed to a lack of co-ordinated cross-departmental working within the States. Whilst reform has been slow, there are some positive signs emerging in the form of initiatives such as 'tell us once' and 'unique user IDs' that are intended to reduce such avoidable over-bureaucracy.	Agreed.

## RECOMMENDATIONS

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
<b>1</b>	The Minister for Economic Development must not underestimate the challenges faced by the retail sector and should, as a priority, continue to engage with retailers in a structured manner.	<b>ED</b>	Accept	<p>The challenges faced by the retail sector in Jersey are not underestimated by the Minister for Economic Development.</p> <p>The Minister thanks the Panel for recognising that the Economic Development Department are engaging with the sector in a structured manner.</p>	Ongoing
<b>2</b>	Working with the stakeholders, the Minister for Economic Development should progress initiatives and plans to help address the challenges associated with the on-Island retail sector, and develop a new, more relevant and comprehensive overarching Retail Strategy.	<b>ED</b>	Accept	<p>The Retail Development Plan, developed in conjunction with Jersey Business Limited and the Chamber of Commerce, will be published in September 2014. The Retail Development Plan focusses on short-term tactical activity in order to stimulate local retail spending by Jersey consumers.</p> <p>A longer term Retail Development Plan will be developed and presented to the States Assembly. The Plan will take into account the findings and recommendations of the Economic Affairs Scrutiny Panel's Review of Retail Policy.</p>	<p>September 2014</p> <p>March 2015</p>
<b>3</b>	The Minister for Economic Development should work with retail representatives to identify the most appropriate way to assist the retail sector to embrace technology. Support might include the funding of a feasibility study into an appropriate, co-ordinated online sales platform, and the provision of appropriate training opportunities and shared practice workshops.	<b>ED</b>	Accept	Assistance for retailers in embracing technology will be covered in both the Interim and longer term Retail Development Plans. Assistance and support is also provided directly by organisations such as Digital Jersey and Jersey Business Limited.	Ongoing

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<b>4</b>	The Minister for Economic Development should work with relevant Ministerial colleagues, and potential private sector providers, to put in place and promote suitable learning and training opportunities for retailers in areas such as high quality customer service.	<b>ED</b> (SS/ ESC)	Accept		Ongoing
<b>5</b>	The Minister for Economic Development should extend the one-off 2013 Mystery Shopper customer experience audit into an annual piece of research. This will help inform the need for and nature of relevant future training initiatives.	<b>ED</b>	Accept	This forms part of both the Interim and longer term Retail Development Plans.	September 2014
<b>6</b>	The Minister for Economic Development should seek to co-ordinate an agreement amongst retailers to be more flexible in their approach to opening hours where benefit can be accrued. Particular attention might focus on later closing times on a more regular basis, and, in a more targeted fashion, achieving more flexibility in opening hours during peak summer tourist season and events.	<b>ED</b>	Accept	This forms part of both the Interim and longer term Retail Development Plans.	September 2014
<b>7</b>	If the States approve the proposed 18 month trial of liberalised Sunday trading, the Minister for Economic Development must ensure a robust process for monitoring and recording of all associated aspects (including economic, employees' welfare, social and cultural impacts).	<b>ED</b>	Accept	Had the trial been approved by the States, there were robust processes in place to monitor and record all impacts.	

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<b>8</b>	Specific attention should be paid by the Minister for Economic Development to mitigate the potential loss of small businesses due to increased competition from larger retailers during any trial period of Sunday trading.	<b>ED</b>	Accept	Careful consideration of all factors was taken into account before proposing a trial deregulation of Sunday trading.	
<b>9</b>	In order to inform possible strategies to alleviate undue negative impacts of the uneven playing field associated with the <i>de minimis</i> level, the Minister for Treasury and Resources is recommended to undertake the following studies – <ul style="list-style-type: none"> <li>• an immediate (and subsequently on an ongoing basis) review of the <i>de minimis</i> provision, to ensure that it is set at the lowest appropriate rate;</li> <li>• a feasibility study of entering agreements with off-Island online retailers for the collection of GST relating to sales to Jersey-based customers.</li> </ul>	<b>T&amp;R</b>	Accept	Both recommendations are accepted by the Minister for Treasury and Resources. Treasury and Resources officers will carry out a review of the import GST <i>de minimis</i> limit and conduct a feasibility study regarding entering into agreements with off-Island online retailers to charge GST on sales to Jersey residents.  Both the review and the feasibility study will be led by the Tax Policy Unit, with the assistance of the Taxes Office and the Customs and Immigration Service.	Both the review and feasibility study to be completed by the end of 2014, with any changes to be implemented in 2015
<b>10</b>	To provide suitable focus to the role ‘Retail Champion’, the Minister for Economic Development should either more actively assume responsibility for promoting economic development within the retail sector, or formally delegate the role to an Assistant Minister. If delegating, this should be clearly reflected within the title of the Assistant Minister.	<b>ED</b>	Accept	The Minister for Economic Development is the champion for the retail sector within the States Assembly. This reflects the importance of the sector to Island life and the economy.	

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<b>11</b>	The executive support for the 'Retail Champion' should be provided by the Economic Development Department, with industry input continuing to be sought through a comprehensive stakeholder group, such as the current Town Team, or an equivalent body.	<b>ED</b>	Accept	The Interim Retail Development Plan will fully outline the plans for executive support.	September 2014
<b>12</b>	The Economic Development Department should undertake the active co-ordination and promotion of an event calendar linked to retail initiatives in conjunction with all the necessary stakeholders.	<b>ED</b>	Accept		Work is already underway as part of the development of the Interim RDP with the aim of establishing a full calendar of retail initiatives for 2015.
<b>13</b>	The Minister for Economic Development (or delegated 'Retail Champion'), should examine the current processes related to event permissions and identify any work that might be undertaken or support that can be provided to reduce avoidable barriers to such initiatives. Similarly, any restrictions to the use of event-friendly sites, such as the Royal Square, should be identified and addressed where appropriate.	<b>ED</b>	Accept	The executive Retail Champion will be tasked with undertaking a review and composing a plan to reduce and streamline red tape.	December 2014

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<b>14</b>	Pedestrian priority initiatives should continue to be implemented, and a feasibility study of such a scheme in Halkett Place from Amyson Corner along the length of the Central Market should be co-ordinated as a priority by the Minister for Transport and Technical Services, with input from the Town Team or equivalent comprehensive stakeholder organisation.	<b>TTS</b>			
<b>15</b>	Through the Town Team or equivalent body, the Minister for Economic Development should co-ordinate a plan to identify and implement relevant improvements to the physical town environment, including removal of 'physical barriers' that negatively impact on the ability of people to circulate easily through town.	<b>ED</b>	Accept	The executive Retail Champion will co-ordinate this project, involving TTS and POSH.	
<b>16</b>	A clear strategy should be developed by the Minister for Treasury and Resources (the Landlord) regarding the covered Markets. This should be informed by consultation with all relevant stakeholders on the wide range of initiatives and views held, and include assessment of a fundamental overhaul of the interior layouts and retail offering. Changes must also be considered to outdated opening hours.	<b>T&amp;R</b>		<p>The creation of the Jersey Public Markets Tenants Association has enabled a greater collaboration with JPH.</p> <p>Monthly meetings and other communication as necessary in between, have initially focused on the renewal of the leases and the major refurbishment of the Fish Market roof, which is planned for the autumn of 2014.</p> <p>As part of these discussions, it was recognised that there is a need to ensure that any future change which is desired and deemed both necessary and appropriate can be effected.</p> <p>This has led to extensive negotiation in respect of a</p>	

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				<p>necessary ability for the landlord to be able to break the leases.</p> <p>Clearly the tenants need to have a level of security and input into ensuring that the operation of a break clause suitably protects and compensates them should the clause be used.</p> <p>It also needs to provide a detailed timetable to minimise business interruption.</p> <p>The new lease contains both Landlord and Tenant Breaks to facilitate change and reconfiguration. See clauses shown below:</p>	

17.2 If at any time after the first anniversary of the Commencement Date the Lessor shall decide that it is necessary in the interests of the strategic development and/or management of the Property for it to retake possession of the Unit the Lessor shall be entitled to terminate this Lease subject to the fulfilment of the criteria stipulated below and to the giving of twelve (12) months' prior notice in writing to the Lessee to this effect (the Retaking Notice).

- (a) Prior to serving the Retaking Notice the Lessor shall be obliged to have:-
- (i) carried out all due and proper consultation with the Lessee, any Market Traders Association or other body representing traders at the Property which may exist at the applicable time and any other persons or bodies with whom such consultation may be appropriate in all the circumstances;
  - (ii) obtained all and any approvals and permits which may be required under the Planning Laws in connection with the Lessor's proposed redevelopment or reorganisation of the Property; and
  - (iii) given due and proper consideration to the availability of alternative premises at the Property of similar size and amenity to the Unit and, where such are available, have offered the Lessee a lease of such premises for a term commencing on the termination of this Lease for a period equivalent to the balance of the term hereof upon terms as to rent and otherwise no less favourable than those in this Lease.
- (b) Where the Lessee accepts the Lessor's offer of alternative accommodation the reasonable cost to the Lessee of fitting out the alternative premises shall be payable by the Lessor.
- (c) Where such offer is not accepted or where it is not reasonably possible for the Lessor to offer alternative premises to the Lessee the Lessor shall, immediately following the termination of this Lease and the vacation of the Unit by the Lessee, pay to the Lessee agreed compensation assessed as follows (occupation of the same Unit under a prior lease or licence counting towards the accrual of years):-
- (i) where the Lessee has been in occupation of the Unit for no more than three (3) years a sum representing three (3) years' Rental at the then applicable level shall be payable by the Lessor to the Lessee; and

- (ii) where the Lessee has been in occupation of the Unit for more than three (3) years a sum representing five (5) years' Rental at the then applicable level shall be payable by the Lessor to the Lessee.

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18.1 The Lessee may terminate this Lease at any time during the term hereof by giving six (6) months prior written notice to that effect to the Lessor subject to the Lessee being in substantial compliance with its obligations under this Lease at the time of serving the said notice.

Additionally the new leases will have specific user clauses to assist control on tenant mix and offer. See below:

6.21 To use the Unit only for the Permitted Use and not for any other purpose without the express written consent of the Lessor such consent shall not be unreasonably withheld having regard to the Lessor's duty to act in the best interests of the Property those conducting business from the Property and general public making use of it.

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<b>17</b>	The Minister for Treasury and Resources (the Landlord) should explore the immediate revision of outdated opening hours within the markets to better reflect customer expectations relating to the both the overall and individual retail offerings. Thursday afternoon closing should be removed as a priority.	<b>T&amp;R</b>		<p>JPH and the JPMTA have agreed to a minimum keep open clause in the new leases.</p> <p>Attached are the extracts from the lease which provide for minimum keep opening hours and the ability for these to be varied:</p> <p>6.31 To comply with the provisions of the Markets Regulations (and/or such other Regulations as may from time to time be enacted or stipulated by the Lessor) and keep the Unit open for business during the hours that the Property is open to the Public or during such other hours as may be determined by the Lessor or its duly authorised agent from time to time and which for the avoidance of doubt are to be a minimum of 6 hours per day Monday to Saturday inclusive.</p> <p>6.32 To comply at all times during the term of this Lease with all and any instructions issued by the Inspector of Markets pursuant to the Markets Regulations.</p>	

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				<p>There are no significant barriers to opening on a Thursday afternoon or having later weekday opening.</p> <p>Clearly the issues would focus on practical, logistical and subsequent financial/ cost implications.</p> <p>Whilst, in agreement with traders, the markets could be open longer, there is a significant practical issue in that a number of the stalls are not secure, which could cause management and security issues if those were not open.</p> <p>There is reluctance from some traders who run their own businesses to work longer hours, due to the need to either do the hours themselves or employ extra staff with the attendant cost and reliability or availability of employees.</p> <p>Dialogue will continue with the JPMTA to consider what represents the most appropriate opening times and how the practical difficulties set out above can best be addressed.</p>	
<b>18</b>	<p>The Minister for Transport and Technical Services should undertake the necessary work with colleagues and other stakeholders to achieve the following:</p> <ul style="list-style-type: none"> <li>● A clear decision on the future provision of north of town car parking.</li> <li>● The roll-out of automatic number plate recognition systems (or similar) in all covered car parks to end the predominance of scratch-cards.</li> <li>● A fully developed strategy for the phased</li> </ul>	<b>TTS (with P&amp;E/ T&amp;R)</b>			

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	<p>modernisation and refurbishment of all car parks.</p> <ul style="list-style-type: none"> <li>• A review of all initiatives, including charging structures, that might encourage a more appropriate distribution of commuter and shopper parking.</li> </ul>				
<b>19</b>	The Minister for Transport and Technical Services should work with Liberty Bus to develop proposals for more buses to access town at points other than Liberation Station and a service that would link a range of urban areas whilst also penetrating towards the town centre.	<b>TTS</b>			
<b>20</b>	The Minister for Transport and Technical Services should work with Liberty Bus to develop a service that would link a range of remote areas to bus routes that access urban shopping districts.	<b>TTS</b>			
<b>21</b>	The Minister for Planning and Environment should assess the merits of revising and/or clarifying the current strategies relating to development in town, notably with regard to their relevance to retail. This will be essential in providing a structure to the south-westerly shifting town footprint and potentially contracting retail core.	<b>P&amp;E</b>			

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22	The Minister for Economic Development should work with the Town Team or equivalent body, and the Constable of St. Helier, to develop plans that could help address and discourage long-term empty shop occurrences.	<b>ED</b>	Accept		
23	The Minister for Economic Development should work with the Town Team or equivalent body, and notably the representative from the Environment Department, to ensure that change of use processes and laws are as appropriate and efficient as possible.	<b>ED</b>	Accept		
24	The Minister for Economic Development should address the issues of underwhelming, inconsistent and outdated signage with the Town Team (or equivalent) to help improve the town experience for all users.	<b>ED</b>	Accept		
25	The Minister for Planning and Environment should examine the planning process and legislation associated with flags and banners to ensure that they are as appropriate and efficient as possible.	<b>P&amp;E</b>			
26	In his lead role in the States' Modernisation Programme, the Minister for Economic Development should demonstrably tackle the issue of a lack of co-ordinated cross-departmental working within the States. Furthermore, he should ensure that initiatives such	<b>ED</b>		The Minister for Economic Development's role is to lead Public Sector Reform. The second phase of this programme involves structural reform that will certainly assist in the delivery of a 'whole of government' approach that is essential for the delivery of better co-ordinated, efficient and cost-effective services. However,	

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	as 'tell us once' and 'unique user IDs' significantly assist in reducing the bureaucratic burden placed particularly, although not exclusively, on small businesses, including many of the Island's retail sector.			the Chief Minister's Department is co-ordinating and leading essential reforms to the machinery of government, this will be key to a more co-ordinated approach across all departments.	

### **MINISTER'S CONCLUSIONS**

The Panel's Report builds on the foundations of the Retail Framework 2010 and makes a valuable contribution to the debate around emerging issues and policies across the States of Jersey that impact on the sector. Retail sales are a bellwether of the wider economy and of consumer confidence. The sector plays a vital role in our community as a provider of employment, of the goods and services people want and need, and as a force for social cohesion.

A new long-term Retail Development Plan will be developed by March 2015; however, the nature of retail means that it is not a sector that requires – or would benefit from – large market interventions. The future for the sector as a whole depends on the wider economic climate, and the preferences and confidence of consumers – for which there are no simple solutions. However, there are areas which will help make the environment better for the retail sector. It is vital that all States of Jersey departments contribute to the Plan to help all Jersey retailers, large or small, to fulfil their potential.