

STATES OF JERSEY



RETAIL IN JERSEY (S.R.18/2018): RESPONSE OF THE MINISTER FOR THE ENVIRONMENT

**Presented to the States on 28th January 2019
by the Minister for the Environment**

STATES GREFFE

RETAIL IN JERSEY (S.R.18/2018): RESPONSE OF THE MINISTER FOR THE ENVIRONMENT

Ministerial Response to:	S.R.18/2018
Review title:	Retail in Jersey
Scrutiny Panel:	Economic Affairs

INTRODUCTION

The Minister for the Environment welcomes the Panel’s report on retailing in Jersey.

Whilst none of the Panel’s specific recommendations appear to have a direct bearing on the specific areas of the Minister’s responsibility, the future of retailing in Jersey is integral to the nature and success of many of the Island’s urban areas and is, therefore, of relevance to the areas of planning policy and regeneration. It is particularly germane to St. Helier, which serves not only as the Island’s principal urban centre, but which also assumes primacy in Jersey’s retail offering.

The Minister has sought to offer comment on those aspects of the Panel’s report where its findings have a bearing on these areas.

FINDINGS

	Findings	Comments
1	Since 2006, various policies and strategies on the retail sector have been developed by the Department. Whilst these may have served a purpose at the time, it has been difficult to determine which ones are still in use and which ones are redundant. The last policy was published in 2010 and the last strategy was an interim measure developed in 2014.	–
2	The retail sector in Jersey is broad and wide-ranging. The main retail area in St. Helier, which offers a mix of local and non-local produce, is a major source of attraction for tourists and Islanders. There are a number of secondary retail areas outside of St. Helier which offer different retail experiences for local communities and tourists.	The Minister welcomes the Panel’s recognition and understanding of the hierarchy of retail provision in the Island, which is protected and promoted in the Island Plan. Successive Island Plans have sought to uphold and support the role of St. Helier as the primary focus for shopping in Jersey, whilst recognising the role of other local centres, particularly in meeting local convenience shopping needs.

	Findings	Comments
3	<p>There are several groups which exist to develop, improve and regenerate parts of St. Helier. The Parish of St. Helier has the greatest overall understanding of the needs of the Town Centre, and in this regard, the Panel has suggested that discussions take place between the Parish and the Department for Infrastructure to determine whether responsibility for some functions, which are currently held within the Department, could be transferred to the Parish.</p>	<p>The development and management of urban centres is a complex task, involving many different interests, reflecting the range of uses and functions that happen within them: St. Helier is no exception, and changes within it have significance both for the town and the parish, but also for the whole Island.</p> <p>Because of this, the Minister is of the view that work to improve and regenerate the town needs to be carried out within a strategic framework and an overall plan for the town, which sits within, and is integrated with, a plan for the Island. The role of planning in this process is supported by research: <i>‘the role of statutory land use planning in creating a resilient future for the high street remains a legitimate and democratic space for providing a leadership role, collating and prioritising the evidence base, and articulating options and joint strategies for change’</i>¹.</p> <p>On this basis, those agencies with a strategic oversight and responsibility for planning and transport are best placed to lead and to facilitate change, including that which might affect the town centre and St. Helier’s retail function.</p> <p>Any such work is best carried out with those stakeholders affected by change and, in the town centre, the Parish of St. Helier is an integral player, both in terms of its insight and ability to act.</p> <p>Whilst there currently exists a range of groups with a specific interest in –</p> <ul style="list-style-type: none"> • a particular part of the town – for example; the States Regeneration Steering Group and the States of Jersey Development Company are focussed on the development of States assets; or • a theme of activity within it – for example, the Safer St. Helier Group is focussed on reducing crime and anti-social behaviour; <p>the overall regeneration and improvement of the town requires collaboration and partnership working with relevant agencies within a strategic framework.</p> <p>The Council of Ministers recognises this, and has identified the revitalisation of the town as a key theme in its Common Strategic Policy.</p> <p>Work is underway to establish governance arrangements to take this work forward, including the involvement of the Parish of St. Helier.</p>

¹ Peel, D. and Parker, C. (2017) *Planning and governance issues in the restructuring of the high street*

	Findings	Comments
4	The retail sector is one of the biggest industries in Jersey and involves a vast amount of people and businesses in the production, distribution and selling of goods and services. It also has a major impact on the local economy. In 2017, the retail sector generated approximately £38 million in GST and is estimated to deliver almost £6 million in retail tax in 2019.	–
5	Although tourists generated £800,000 of GST revenue in 2017, this is a relatively small amount of GST balanced against the figure generated by the sector as a whole (£38 million).	–
6	Although the retail offering in the town centre is wide-ranging, it lacks a specific offering dedicated to attracting ‘consumer tourists’. Jersey may be able to attract consumer tourists by encouraging the development of a section of the town that is focused on enhancing the local tourist economy.	<p>The Minister notes the substance of this recommendation, which is also reflected in work arising from Visit Jersey’s Product Audit and Action Plan.</p> <p>The development of town quarters around a specific retail offer would be supported by the existing planning policy regime that is provided by the current Island Plan, where any such activity is located within the defined Core Retail Area (see Island Plan Policy ER2).</p>
7	Physical stores offer a distinctly different retail experience to online shopping. The possibility of social interaction between shoppers and retailers gives local shops the opportunity to compete and win business by offering excellent personal service.	<p>The Minister welcomes the Panel’s recognition that social interaction is an important aspect of why people might travel to a town centre, or local shopping centre, to shop.</p> <p>The provision of good customer service is clearly an important aspect of local retail service, but the Minister is also of the view that the development of a good quality public realm throughout St. Helier in particular – including streets and spaces where people have the opportunity to meet, socialise and spend time together – is an important aspect of a good urban environment, and can enhance the experience of living, working, shopping or visiting the town.</p>
8	Out of town retail areas, such as St. John’s Village and Gorey, are vital, particularly for parishioners who may find travelling to St. Helier difficult. Although shops in these areas may not be people’s main source of shopping, they offer convenience and play an important community role.	<p>The Minister welcomes the Panel’s recognition and understanding of the hierarchy of retail provision in the Island, which is protected and promoted in the Island Plan.</p> <p>Successive Island Plans have sought to uphold and support the role of St. Helier, as the primary focus for shopping in Jersey, whilst recognising the role of other local centres, particularly in meeting local convenience shopping needs.</p>

	Findings	Comments
9	The current <i>de minimis</i> level is not in line with the tax policy principle of fairness and creates a disadvantage for local retailers.	–
10	Before the retail tax was introduced, there was a lack of consultation with retailers and other key stakeholders, creating a lack of fairness in its implementation.	–
11	The retail tax only applies to companies if 60% of their trading turnover is from retail sales. Therefore there are some larger companies who supply goods wholesale as well as retail, but who are not liable to pay the tax because 60% of their turnover is not from retail sales.	–
12	The Sustainable Transport Policy 2010 recommended that the amount of short-stay (shopper) parking was increased. Since the policy was approved, however, the amount of parking spaces has decreased rather than increased, with the removal of 390 public and 230 private parking spaces at Gas Place to enable construction of the Millennium Town Park in 2011. Although this has not resulted in increased usage of other town car parks, it may have added to people having to “hunt” for available spaces.	<p>One of the key objectives of the Sustainable Transport Policy, which was adopted by the States, was to reduce peak hour traffic to and from St. Helier by at least 15% by 2015, whilst seeking to encourage a shift to more sustainable modes of transport at all times throughout the day.</p> <p>The reduction of private, non-residential, long-stay car parking spaces – principally used by commuters – is a stated policy objective of both the Sustainable Transport Policy and the Island Plan: the loss of private spaces at Gas Place is, therefore, entirely consistent with adopted policy objectives.</p> <p>Reducing the level of this type of car parking provision requires commuters to consider alternative modes of transport, thus potentially reducing peak-hour congestion; and can encourage the better use of valuable town centre land for other, more beneficial uses. This is a key objective for the regeneration of St. Helier.</p> <p>The Sustainable Transport Policy acknowledges the economic importance of short-stay (shopper) parking for the viability and vitality of the town centre, and seeks to maintain and increase the quantity of shopping parking that is available at all times. This is monitored and managed by Growth, Housing and Environment: their evidence shows that town shopper car parks generally have spare capacity and operate on an occupancy rate of approximately 70%, Minden Place being the exception to this.</p>

	Findings	Comments
13	<p>The Sustainable Transport Policy 2010 aimed to persuade people out of their cars, reducing the demand for both public and private parking spaces. The Panel questions whether the policy has been successful as 70% of respondents to the consumer survey use their own cars whilst shopping in Jersey.</p>	<p>It is important to recognise and acknowledge that use of cars for shopping, as tested by the consumer survey, did not differentiate between food and non-food shopping. In this respect, the same survey showed that 97% of food and groceries bought in the preceding month were from supermarkets. The distribution of supermarkets in Jersey occurs throughout the Island, and they are, therefore, not exclusively located in St. Helier and are generally required to provide dedicated private car parking for shoppers.</p> <p>The survey did report that 32% of respondents had used St. Helier's Central Markets for food shopping, and it is clearly important that these remain easily accessible to shoppers, albeit that the pattern of their use – involving the purchase of fresh produce – may happen more regularly than a visit to a supermarket and involve journeys by foot.</p>
14	<p>The high level of rents is creating challenges for retailers and may put off new entrants to the market.</p>	<p>–</p>
15	<p>Unlike parts of the UK, Jersey does not have a general problem with empty retail shops. As of July 2018, just over 2% of the available shops in St. Helier were vacant.</p>	<p>The Minister notes and welcomes the Panel's findings that St. Helier has not witnessed the level of retail vacancies experienced elsewhere which may, in part, reflect the success of the Island's planning policies in resisting major out-of-town retail development and supporting the hierarchy of existing retail centres, particularly the primacy of St. Helier.</p>
16	<p>Rating assessments were fixed in 2003, based on rental values at that time. Therefore, it is highly likely that the retail sector is currently paying a higher proportion of the rates burden than they would if there were a revaluation process.</p>	<p>–</p>
17	<p>Although retailers are experiencing significant challenges, particularly with the growth of online shopping, it is evident that consumers are also feeling the strain as household incomes have increased by less than inflation. This could be a contributory factor as to why, in the recent consumer survey commissioned by the Economic Development Department, 88% of consumers said cost was one of the main reasons why they shopped online instead of in Jersey.</p>	<p>–</p>

	Findings	Comments
18	It is unclear what impact Brexit will have on the retail industry, and it will remain an unsettled time for both retailers and consumers. The main challenges will likely be the potential disruption of supply lines and the possible weakness of sterling, which will raise prices.	–
19	Data collection in the retail sector is poor and as a result we do not have a clear view of the industry. Robust data on the value of retail to the Jersey economy will be beneficial and should enable the Economic Development Department to identify weaknesses and problems in advance, as well as providing an insight for potential investors in the Island's retail economy.	The Minister would wish to ensure that comprehensive information about the capacity and health of the Island's retail sector is available in order to inform the development of planning policy which seeks to support the vitality and viability of the Island's retail centres.
20	Footfall cameras measure the number of people walking in the street. By counting footfall, retailers and the Town Centre Manager are able to identify trends in consumer behaviour. Currently there is only one footfall camera in town whereas previously there were three.	There are many factors which have the potential to influence the health of the high street, and the Minister would welcome and support the collection and maintenance of data upon the following range of factors – <ul style="list-style-type: none"> • pedestrian footfall • diversity of uses and change • recent and proposed investment • accessibility • attitudes and perceptions • retailer representation and demand • commercial yields and retail rents • vacancy rates • cultural and social events • leisure and cultural facilities • town centre residential population • employment in the town centre • street safety • sense of place.
21	The Jersey Retail Association (JRA) was established in 2016 and is pivotal in giving retailers across the Island a voice. The JRA was given a two year start up fund of £100,000 by the Economic Development Department.	The Minister welcomes the establishment of the JRA in order that it might collectively represent this important sector of the Island's economy and help to facilitate and maintain dialogue with government.

	Findings	Comments
22	Events such as the Christmas lights switch-on, Sunday markets and street theatre play an important role in animating the town centre. Such events are highly anticipated by Islanders and are vital for supporting retailers.	<p>The Minister acknowledges the significance of events in animating the town centre and helping to ensure that it remains vibrant.</p> <p>The development and maintenance of a good quality public realm throughout St. Helier, including the town centre, is important in helping to facilitate events and social interaction, in whatever form that might take – whether formal street theatre or just informal socialising and ‘people watching’. This an important aspect of a good urban environment which can enhance the experience of living, working, shopping or visiting the town.</p>
23	Although retailers are experiencing challenging times, particularly with the increase of internet shopping, the future outlook is promising if retailers remain open to new ideas, technologies and innovation, and focus on exceeding customers’ expectations.	–
24	In recent times the retail sector has seen the emergence of sustainability-focused shops. Sustainability can be a key differentiator if Jersey’s retail sector is to rejuvenate itself, for example, aligning practices with plastic-free Jersey. Research from elsewhere shows that consumers want to associate themselves with brands that have a sense of purpose and represent their views, beliefs and values.	–
25	Retail Theatre improves the consumer experience and is a key differentiator for physical versus online retail. Retail Theatre, through the organisation of events, particularly at peak times of the year, adds to the vitality of the town centre and attracts Islanders and tourists alike.	<p>The Minister acknowledges the significance of events in animating the town centre and helping to ensure that it remains vibrant.</p> <p>The development and maintenance of a good quality public realm throughout St. Helier, including the town centre, is important in helping to facilitate events and social interaction, in whatever form that might take – whether formal street theatre or just informal socialising and ‘people watching’. This an important aspect of a good urban environment which can enhance the experience of living, working, shopping or visiting the town.</p>

	Findings	Comments
26	The impact of online shopping has been felt acutely by the traditional retail sector. Therefore, it is important, now more than ever, that retail staff have the necessary skills to improve the quality of their customer service and so encourage customers to choose to shop on-Island rather than online.	–
27	It is likely that the Minister for Economic Development will propose the deregulation of Sunday trading in 2019.	–
28	Current Regulations mean that most shops can already open on a Sunday. The Panel is generally supportive of the principle that the decision to open on a Sunday should be made by the retailer. By giving larger shops the opportunity to open on a Sunday, it is believed that an overall uplift in footfall on Sundays, will be experienced. This is likely to particularly benefit the tourism industry by ensuring St. Helier remains an interesting destination for weekend visitors.	–
29	In a sector that has very little data available to it, the consumer survey provides very useful insights and information about consumer attitudes to shopping in Jersey.	The Minister welcomes the consumer survey and the insight it provides.

RECOMMENDATIONS

	Recommendations	To
1	Although certain functions, particularly regarding roads, are the legislative responsibility of the Minister for Infrastructure, potential benefits could be realised by transferring some responsibilities to the Parish of St. Helier. The Panel recommends that the Parish and the Department work together to determine whether there is any advantage to be had through the delegation or transfer of certain responsibilities to the Parish. This work should be undertaken in 2019 and any outcomes should be reported to the Panel.	Minister for Infrastructure
2	The concept of consumer tourism should feature in the new Retail Development Strategy. The Department should consult with experts in this field in order to explore ways to incentivise the mass market and increase the selection of luxury brands in Jersey.	Minister for Economic Development, Tourism, Sport and Culture
3	The Treasury Department should consider levelling the playing field to ensure that the Retail Tax is fair and introduce these measures in the Budget 2020.	Minister for Treasury and Resources
4	The Department for Infrastructure should investigate new measures for improving the convenience and cost of short-term parking in town. These could include revisiting free parking pilot schemes for limited periods and increasing the availability of on-street parking. These should be undertaken before the end of the second quarter of 2019.	Minister for Infrastructure
5	The Economic Development Department should collect the data necessary to monitor rent levels on a quarterly basis.	Minister for Economic Development, Tourism, Sport and Culture
6	The Economic Development Department should explore whether the current practice of increase-only rent reviews is appropriate.	Minister for Economic Development, Tourism, Sport and Culture
7	In order to balance the rates system, the Minister for Treasury and Resources and the Comité des Connétables should commission a Rates Assessor to undertake a revaluation. Such revaluations should then be undertaken every 10 years to ensure fairness in the rates system.	Minister for Treasury and Resources
8	The Economic Development Department, Treasury and External Relations must work together in order to seek clarity around Brexit negotiations and the impact it could have on shoppers, retailers and most importantly the security of food supplies. This should be incorporated into the new Retail Development Strategy with input from both the Ministers for Treasury and Resources, and External Relations.	Ministers for – <ul style="list-style-type: none"> ● Economic Development, Tourism, Sport and Culture ● Treasury and Resources ● External Relations

	Recommendations	To
9	Statistics Jersey previously undertook a Retail Sales survey which sampled businesses (including food and non-food) operating in the retail trade in Jersey. Statistics Jersey had to stop collecting data in 2015 because of a lack of funding. The Minister for Economic Development should work with Statistics Jersey to restart the collection of retail data. This work should be completed and funding identified before the end of June 2019.	Minister for Economic Development, Tourism, Sport and Culture
10	In order to gain a true understanding of consumer behaviour, the Minister for Economic Development should invest in more footfall cameras in St. Helier. Additional footfall cameras should be installed before the second quarter of 2019.	Minister for Economic Development, Tourism, Sport and Culture
11	The future of the Jersey Retail Association should not remain uncertain and a long-term funding strategy should be identified in the new Retail Development Strategy.	Minister for Economic Development, Tourism, Sport and Culture
12	The Economic Development Department should work with the Parish of St. Helier and the Town Centre Manager to ensure funding is available for the provision of a year-round schedule of events. This should feature in the new Retail Development Strategy.	Minister for Economic Development, Tourism, Sport and Culture
13	In order to guarantee a minimum level of customer service throughout the Island's retail sector, the Minister for Economic Development should work with the Jersey Retail Association to create and deliver a customer service course that is required as part of the training of new members of staff. This should be rolled out before the end of 2019.	Minister for Economic Development, Tourism, Sport and Culture
14	When the Minister for Economic Development brings forward proposals to deregulate Sunday trading, appropriate protections for staff in terms of religious beliefs and adequate days in lieu should be included. The effects on out of town convenience stores, should also be monitored.	Minister for Economic Development, Tourism, Sport and Culture
15	The Department for Economic Development should repeat the consumer survey every 2 years.	Minister for Economic Development, Tourism, Sport and Culture

CONCLUSION

The future of retailing in Jersey is integral to the nature and success of many of the Island's urban areas and is, therefore, of relevance to the areas of planning policy and regeneration.

The Minister for the Environment is of the view that planning for and creating a resilient future for retailing in Jersey can be legitimately lead through the planning process where this affects the physical space and the quality of place-making where retail activity takes place.

The Minister remains committed to working with all relevant stakeholders to bring this about.