



Report of the Director of City Development

Executive Board

Date: 11 June 2008

Subject: Deputation from Morley Mayor & Traders

Electoral Wards Affected:

Morley North
Morley South

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

1. This report sets out Leeds City Council's response to the deputation. The City Council shares concern about many of the points raised but does not consider that the success or variety of shopping available within Morley Town Centre can be largely answerable to the concentration of charity shops. Charity shops appear to have a favourable tax and financial position in comparison with independent traders but those fiscal advantages are not best addressed or tackled by changes to national planning legislation. There are those that would see real benefits from charity shops as a means to focus and best channel local voluntary support for both local and national worthy causes, an important local representation of voluntary sector working.
2. It is recommended that Morley Mayor and traders be advised that Leeds City Council, whilst sympathetic, will not seek to support a national campaign to change national planning legislation but if they wish to pursue the matter further to suggest that they approach one of the national groups campaigning on behalf of independent traders such as the All-Party Parliamentary Small Shops Group which campaigns on a range of matters. The City Council will continue to support town and district centres through a range of positive interventions.

1.0 Purpose Of This Report

- 1.1 To set out Leeds City Council's response to the deputation by the Morley Mayor & Traders concerning the high number of charity shops in Morley Town Centre.

2.0 Background Information

- 2.1 The Morley Mayor & Traders deputation to the City Council raises concerns at the high number of charity shops in Morley Town Centre. The deputation raised concerns about the increasing number of charity shops in the town centres generally within the Leeds City Council area and Morley Town Centre in particular. A recent 'summit' held in Morley had identified the need for a greater diversity of shops in the town centre and the increasing number of charity shops, amongst other concerns, was identified of real concern. They believe that the issue is not only a Morley Town Centre concern but it is said to affect similar towns from Pudsey to Wetherby and Horsforth to Garforth.
- 2.2 Town centre surveys in 2000 identified 5 charity shops in Morley Town Centre, all national charities; this had increased by the addition of 2 local charity shops in 2006. The deputation suggests there are now 9 charity shops and another about to open shortly.

3.0 Positive and Negative Effects of Charity Shops

The Views of the Deputation

- 3.1 The deputation accept that charity shops have an important role to play in raising money for their charities and that these shop provide an opportunity to re-cycle goods that could otherwise end up in landfill sites.
- 3.2 Independent traders are said to face unfair competition with the charity shops. Charity shops benefit from exemption from corporation tax on profits, 80% mandatory rate relief and a zero V.A.T. rating on the sale of donated goods. A further 20% rate relief is available at the discretion of local authorities. They do not have to pay staff as they are largely run by voluntary workers. An increase has occurred in the proportion of 'new goods' sold from charity shops with as much as 50% of items for sale being 'new goods', a shift from the traditional role of selling secondhand goods. This change in items sold is seen as more directly impacting on independent traders.
- 3.3 An over concentration of charity shops can shut out other independent retailers that might be competing for the same accommodation. Charity shops favourable tax and financial position means that they have a competitive advantage over other retailers seeking similar accommodation. A concentration of charity shops does not add to the variety of shops on offer to visitors, they tend to offer similar products and can deaden the overall attraction of a parade in offering similar ranges of products. Charity shops can help to fill the 'gap' in provision that otherwise might have resulted in a vacant unit but an over concentration can and does create an impression that part of the centre is not doing well.
- 3.4 Landlords and agents managing the letting of property are likely to be favourably disposed to national charities in comparison with other shops. The majority of the charity shops in Morley Town centre are part of national charity organisations and are considered to be safe and secure tenants in comparison with independent retailers, a major benefit and attraction to any landlord. They are prepared to

negotiate long leases, 15 years is not exceptional, and are prepared and able to pay above the going rate due to their favorable tax and finance regimes.

Comment

- 3.5 There is a common belief that charity shops tend to occupy shopping centres that are declining or are in trouble with large numbers of vacant units. The national charities tend to seek out locations that are performing well; they would not want to be located in a declining centre. Local small charities may well seek out cheaper accommodation and benefit from occupying units that are not of interest to other retailers. The small charities are more likely to look for empty shop units in declining areas. In comparison, Headingley in north Leeds, is a smaller centre than Morley but has a similar number of charity shops and is considered to be performing well as a town centre. In Headingley the concerns are more about over concentration of estate agents and bars rather than too many charity shops. Perceptions about what is important to ensure a successful town centre can and does vary by location across the city.
- 3.6 To add to the frustration caused by the increase in the number of charity shops along Queen Street in Morley Town Centre the deputation mention other uses and activities as being equally regrettable and unwelcome in over concentrations, such as too many travel agents and estate agents. The realities of retailing in recent years has been an overall and general reduction in what might be termed 'real shops', that is shops that sell products and goods and an increase in the number of shops that provide services. This trend reflects most shoppers' preference to shop at a small number of national retailers that are increasing their shop sizes but reducing their shop numbers. Our town and district centres reflect these trends that are national in nature but have real effects locally, there are less 'real shops' about and shoppers prefer to shop at the large national retail names. This trend is further complicated by a real reduction in the banks, building societies and travel agents, substantially influenced by a shift to internet shopping of key services which would not be considered as 'real shops' but provide a useful service. Overall, nationally and locally, there is less variety in 'real shop' types and 'real shop' numbers and a marked shift from the sale and purchase of goods to the sale and purchase of services. There is a need to recognise the changing nature of retailer requirements and shoppers expectations and the impact that might have on the traditional views of what retailers might populate a traditional High Street.

4.0 The call for a national campaign

- 4.1 The deputation is asking the Council to support a campaign to change national planning legislation to allow a *cumulative impact strategy* to be adopted in town centres where charity shops are concerned in a similar way to the control through Licensing policy over concentrations of pubs and bars. They believe that this approach will offer a fair balance of shops making the town centre viable.

5.0 Conclusions

- 5.1 The City Council cannot directly influence the opening of new charity shops through the planning system as charity shops are generally classed as an A1 'shop' and can occupy an existing A1 retail unit without triggering the need to obtain planning permission. The planning classification of different types of retailing is based on the use of the premises and not on the nature of the trader. Charity shops 'sell' products just like any other A1 retail shop, it would be difficult if not impossible to suggest that the nature of the selling process was different in a charity shop from any other retail shop as both sell, or display products to visiting members of the

public, which is at the heart of the planning definition of a shop. There is no known existing national movement to seek a change of status of charity shops that would cause them to be classified differently from other retail shops.

- 5.2 Although it is limited consolation to a shopper seeking a better range of shops, or to traders wishing to provide a greater variety of shops, the strong interest by national charity shops in Morley Town Centre is more likely a reflection of the centre being seen as performing well rather than an indicator of decline.
- 5.3 The City Council shares concern about many of the points raised but does not consider that the success or variety of shopping available within Morley Town Centre can be largely answerable to the concentration of charity shops. Charity shops appear to have a real favourable tax and financial position in comparison with independent traders but those fiscal advantages are not best addressed or tackled by changes to national planning legislation. There are those that would see real benefits from charity shops as a means to focus and best channel local voluntary support for both local and national worthy causes, an important local representation of voluntary sector working.
- 5.4 The City Council recognizes the importance of vibrant & viable town and district centres to Leeds' residents. The City Council will continue to support those centres through the planning system and more directly through the programme of town and district centre improvements and the development or supportive car parking strategies. These are areas in which the City Council has the power for direct intervention and where its efforts can be most effective.

6.0 Recommendation

- 6.1 Morley Mayor and traders be advised that Leeds City Council, whilst sympathetic, will not seek to support a national campaign to change national planning legislation but if they wish to pursue the matter further to suggest that they approach one of the national groups campaigning on behalf of independent traders such as the All-Party Parliamentary Small Shops Group which campaigns on a range of matters. The City Council will continue to support town and district centres through a range of positive interventions.