



Sunday Trading Team  
Consumer and Competition Policy  
Department for Business, Innovation and Skills  
1 Victoria Street  
London  
SW1H 0ET

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## **About the IoD:**

The IoD was founded in 1903 and obtained a Royal Charter in 1906. It is an independent, non-party political organisation of approximately 35,000 individual members. Its aim is to serve, support, represent and set standards for directors to enable them to fulfil their leadership responsibilities in creating wealth for the benefit of business and society as a whole. The membership is drawn from right across the business spectrum. 71% of FTSE 100 companies and 51% of FTSE 350 companies have IoD members on their boards, but the majority of members, some 70%, comprise directors of small and medium-sized enterprises (SMEs), ranging from long-established businesses to start-up companies. IoD members' organisations are entrepreneurial and growth-orientated, and more than half (57%) export goods and services internationally

## **Sunday Trading**

Thank you for giving the Institute of Directors (IoD) an opportunity to respond to the Consultation on devolving Sunday trading rules. Rather than answering the Consultation's set questions, we instead would like to set out why we are firmly in favour of the deregulation of Sunday trading rules.

The current Sunday trading rules were set in 1994 – a year before Amazon.com first appeared online and sold its first book, Douglas Hofstadter's *Fluid Concepts and Creative Analogies: Computer Models of the Fundamental Mechanisms of Thought*. This is more than marginally interesting trivia: it is indicative of how much the world has changed since 1994. Indeed, Britain leads the world in online retail commerce. By 2016, almost one in four (23 per cent) retail transactions is expected to be conducted online – this compares to 11.7 per cent in Germany, second place in the table, and just over 7 per cent in the United States.<sup>1</sup> The G20 average is 6 per cent – in short, Britain is (digital) streets ahead of anywhere else in the world.

The IoD believes it is nonsensical that it is possible for online firms to sell products 24 hours a day, 7 days a week, but for physical bricks-and-mortar stores to be open for only six hours on a Sunday.

The Consultation recognises that Britain's high streets have had a tough time in recent years. This is not, of course, exclusively the result of online competition. Too-high business rates, excessive parking charges and the cost of expansion, via the increase in Employers' National Insurance Contributions when taking on new staff, have all contributed in their own way to retailers' problems. But the impact of online competition cannot be understated.

This is, of course, no bad thing for consumers with prices falling as a result.

However, it is vital that regulation moves with the times, and the restrictions on Sunday trading laws increasingly look out of date and out of touch. The great advantage that bricks and mortar stores have over online retailers is immediacy – the ability to go to a store and take home a product

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<sup>1</sup> *The Internet Economy in the G-20*, Boston Consulting Group, March 2012

immediately, rather than waiting for delivery in the post. It would be ludicrous to suggest that we should restrict access to internet retailers to just six hours on a Sunday – it is equally ludicrous to restrict physical retailers to that same obligation.

The IoD heartily welcomes disruptive innovation in the economy, but competition can only work fairly where there is a free and fair market – currently, physical retailers are at a regulatory disadvantage and as such the market is not as free and fair as it should be. This is a point of both principle and practicality, and as such, removing that regulatory disadvantage by deregulating Sunday trading hours should be a priority.

On further points of practicality, the IoD recognises the obvious economic benefit of extending trading hours on Sundays. We have made no separate analysis of the net financial impact, but accept existing analyses – including that conducted by the London School of Economics cited in the consultation document<sup>2</sup> - as broadly correct that there would be a significant economic lift as a result. The knock-on effects of increased footfall in shopping areas would ensure that those benefits are not felt purely by retailers, but by food and drink outlets among others. This increased business should lead to more hours available for employees in both retail and the hospitality sector.

There are also obvious economic benefits of making our major cities more attractive to tourists. Our major cities are popular destinations, but could be more popular still. In a world in which the weekend and city break market is becoming ever more competitive and popular with low-cost flights, it would be a boon to the UK if its shopping areas were able to match the opening hours of competitors in Paris and New York. It is worth noting that in 2014, “city breaks” became the most popular holiday among Brits according to the Association of British Travel Agents.<sup>3</sup> It seems a fair assumption that a similar picture has emerged across Europe, and it is crucial that Britain does not lose out to competitors on the Continent or further afield because of restrictive retail regulation. Again, deregulation not only benefits those retailers able to open for longer, but has knock-on effects for hotels, restaurants, and other hospitality outlets.

As a result, the IoD is wholeheartedly behind the deregulation of Sunday trading hours. There is a very good argument that central Government could have deregulated at a national level, rather than referring the issue to sub-national bodies.

However, the IoD understands the benefits of devolution. The IoD backs the Government’s broad devolution agenda. Around two-thirds of IoD members agree with the plans to devolve additional powers to cities and sub-national regions and almost as many (58 per cent) support the idea of introducing directly elected mayors in return for receiving additional powers.<sup>4</sup> Members - and the IoD – believe that devolution must come with accountability. Devolving Sunday trading hours would have the benefits of allowing local people to make local decisions – that the powers to deregulate have been so widely publicised should dictate that those local decision-makers are indeed accountable. Local businesses would be no doubt keen to register their protest with local decision-makers if they were put at a competitive disadvantage against businesses in a neighbouring area due to differences in trading rules.

If the deregulatory move is not to be led by central government, we are ambivalent about the body to which the powers are deregulated. A directly elected “metro mayor” being given the powers has the benefit of democratic accountability – devolving to existing local and unitary authorities may

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<sup>2</sup> *Evaluating the Impact of Sunday Trading Deregulation, Centre for Economic Performance CEP Discussion Paper No 1336, Christos Genakos, Svetoslav Danchev, London School of Economics, March 2015*

<sup>3</sup> *The Consumer Holiday Trends Survey 2014, Association of British Travel Agents, 22 September 2014*

<sup>4</sup> IoD Member Survey, June 2015

have the advantage of centralising administration. It is also important that Local Enterprise Partnerships are involved in the process of setting local trading hours. What is crucial, as previously stated, is that one single individual or body has full accountability for setting new Sunday trading hours. We would be wary of a cross-body Committee, or other such organisation set-up, which could lead to decision-making paralysis.

Though it is not strictly within the scope of this Consultation, we would be wary of a designated sub-national authority using the proposed devolved powers to pick and choose areas in which premises are exempt from existing trading restrictions as is suggested within the Consultation document. The IoD's Royal Charter mandates that we must advocate for the business community at large, and that means we are instinctively wary of any policy which "picks winners." We have already touched in this document on the need for even competition if the market is to function as fairly as possible to the benefit of all. Excluding out-of-town supermarkets or specifically picking individual high streets perhaps makes this policy more acceptable to some but it would, in part, limit the advantages of the deregulatory drive.

In conclusion, the IoD welcomes the move to deregulate Sunday trading hours. We are confident that the majority of sub-national bodies to whom the power is devolved would take advantage of the power and allow businesses to be open for longer than they current are permitted to be.

***Andy Silvester, Head of Campaigns, Institute of Directors***