

6 June 2023

The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ

Dear Chancellor,

LOCALLY OWNED SHOPS AND FOOD PRICES

On behalf of the London Chamber of Commerce and Industry (LCCI), may we request your work to reduce food prices also supports the viability of locally owned shops.

LCCI is the capital's largest independent networking and business support organisation. We represent the interests of London businesses, enabling them to collaborate, creating thousands of connections and offering our members a comprehensive range of business services to see them prosper.

It is that context that we support your work to engage with supermarkets and food supply firms to see how food prices can be lowered for households and businesses during this cost of living and cost of doing business crisis.

We have been active in supporting the Government's *Help for Households* campaign and we worked closely with Downing Street and the Cabinet Office to ensure businesses and Government can work together to support households at this difficult time.

We request, however, that any agreement reached with national supermarket chains does not lead to an uncompetitive situation for locally owned shops – who are critical in bringing local communities together.

This is because small retailers already do not have the bandwidth, as compared to large retailers, to weather economic shocks such as exponential increases in energy prices. Already, small retailers have suffered due to the consequences of the pandemic despite the positive fiscal stimulus provided by the Government.

According to the House of Commons Library, as of 1 January 2021, there were 5.6 million private sector businesses in the UK, compared to 5.9 million in 2020, a fall of 6.5%. This is only the second year-on-year fall in the number of private sector businesses in the UK since comparable records began in 2000 – the other was between 2017 and 2018, when the number of businesses fell by 0.5%.

Small retailers, even before the pandemic, were concerned that large retailers based in large shopping malls such as Westfield in London or Merry Hill in the West Midlands, has led to a competitive disadvantage for some small retailers who have

struggled to compete against the attractiveness of large retailers based in “one stop shop” retail centres.

This has also led to a debate within Parliament as to the steps that need to be taken to save locally owned shops further to the hollowing out of the High Street. This was particularly articulated by the Levelling Up, Housing and Communities Select Committee with their report, *Supporting our High Streets after COVID-19* which was published in December 2021.

Therefore we believe that any decision made on food prices must include some form of accommodation with small retailers as the locally owned shops will not be able to compete against the large retailers who could be cutting prices.

It can also be noted that within a number of deprived communities, the nearest food retailer is a locally owned shop which residents rely on as additional costs such as bus travel to a retail centre are seen as prohibitive for these low income consumers.

We would be happy to meet with you and your officials as to how we can further support the Government’s work to reduce food prices and protect locally owned shops.

Thank you for your consideration.

Yours sincerely,



Richard Burge
Chief Executive