Several industry bodies are lining up surveys to assess the impact of central London's congestion charge on trade, while local authorities across the country are mulling similar tolls. Andrew Don asks should retailers be getting nervous?



London first

The British Retail Consortium (BRC) has warned local authorities throughout the UK not to rush into congestion charging schemes on the back of initial impressions of the central London toll.

The smooth start to the London charge has encouraged 35 local authorities to look at congestion charging, including Edinburgh, Bristol, Nottingham, Bath and York. However, observers say just because it started off well, does not yet make it a success.

BRC head of media David Southwell says: "What is happening in London is an experiment on an unprecedented scale. The massive investment in terms of setting this up seems to have produced an introduction that has worked. It has gone smoothly, but you can't confuse a smooth introduction with the long-term impact. We need to see what this is before extending it."

Retailers are watching the situation nervously amid claim and counter-claim about whether or not the congestion charge has adversely affected trade in the capital.

'It has gone smoothly, but you can't confuse a smooth introduction with the long-term impact'

The London Chamber of Commerce and Industry has embarked on a survey of 2,500 retailers to assess the impact of the charge on takings. Sources say early indications are of "a severe impact on business", but it is difficult to attribute this solely to the congestion charge.

FootFall claimed a 10.7 per cent year-on-year decline in shopper numbers during the first week of the toll. The national figure was a decline of 6.8 per cent year on year in the first week of March, which eased to 2.7 per cent by the end of the second week of March, an indication of the general economic malaise.

London has extra factors in the equation, such as the closure of the Central Line and fears that the capital is especially vulnerable to terrorist attack. The BRC said pictures in the press of tanks at Heathrow did no one any favours.

The Oxford Street Association has reported a downturn in business of 10 to15 per cent on last year since mid-February, but attributes this to the combination of issues facing the capital.

Varied response

The BRC hopes to conduct its own survey later this year, as does the Federation of Small Businesses (FSB). Both will look to extrapolate the sole impact of congestion charging.

Sainsbury's has shied away from making any public comment "until we get more detail", according to a spokesman, although sources say it is worried about its city centre concept. WHSmith played down the impact of the charge on its central London stores.

John Lewis admitted sales in the West End for the week to March 8 were down 12 per cent year on year, attributable to several factors, of which the congestion charge was supposed to be one.

John Lewis director of communications Paul Burden says: "From the conversations I have had, my sense is we are not out of line with what has generally been experienced by businesses."

He says identifying the cause was difficult. "With the congestion charge, we would not expect it [the effect] to be massive because less than 10 per cent of our people come in by car and I am sure that is the same for everyone else."

Burden is worried about expansion of congestion charging into other cities, which he believes could have a more serious impact than in London "and could run counter to the Government's policy of trying to discourage out-of-town development".

He says: "London is not a model you can easily apply to every other urban centre."

FSB policy development officer Nick Winch agrees. He says London is easily accessible by public transport.

"You could walk across some other city centres in 10 minutes, so people would be able to leave their cars outside the zone and shop. But Bristol, for example, does not have as good a transport system as London for getting into the city centre, and that could prove problematic for trade."

The FSB is critical of an e-mail survey of businesses within the charging zone by London First, in which only 3 per cent of those questioned felt congestion charging had not worked, while a mere 5 per cent reported a negative impact on their business. The survey said 65 per cent felt charging had no impact on trade and 30 per cent said the effects had been positive. Some reported deliveries to be more efficient, although loading and unloading remains a problem.

Winch says: "The reports we are hearing show there has been a significant decline in trade."

He says a lorry delivering to Tesco would probably have something like £30,000 of food on board, so a £5 extra charge is neither here nor there, but it is a significant extra charge for an independent retailer taking small deliveries.

Oxford Street Association director Sally Humphreys says: "The congestion charge should not have launched until after the Central Line re-opened. I think we could cope with the charge on its own. The West End [today] is devoid of people and likely to be so until the war is completely resolved." ■