



RetailNI

Standing up for
Independent Retailers

Creating a Northern Ireland Economic Powerhouse

Retail NI's Programme
for Government

2017 - 2022

Supported by

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Contents

Introduction

page 3

Foreword

page 4

What are the Key Challenges for Retail NI Members?

page 6

Retail NI Policy Priorities

Getting Government to Deliver for the Economy

page 14

Creating Northern Ireland's Economic Powerhouse

page 16

Getting Business Rates Right

page 18

Creating 21st Century Infrastructure for our Village, Town and City Centres

page 20

Meeting the Challenges of Brexit

page 22

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Rt. Hon James Brokenshire MP
Secretary of State for Northern Ireland

“Securing strong, stable devolved institutions in Northern Ireland that will provide leadership, support innovation and boost skills will be vital to delivering on Northern Ireland’s potential as a place to invest and do business.”

Introduction



Retail NI stands up for, first and foremost, independent retailers and seeks to provide leadership to the wider local retail sector in Northern Ireland.

We aim to build on the excellent track record of NIIRTA, on its delivery of real change in key policy areas such as planning, rate reform and many other successes.

Retail NI is not about focusing on problems but on practical policy solutions.

This report builds upon and updates the NIIRTA Programme for Government, The Plan and sets out the challenges facing our members in a recent comprehensive survey with solutions to address them. Retail NI would like to thank Cameron Heenan for conducting the member survey on our behalf.

Retail is the largest sector of our private sector economy. We are driving the debate on the future of our town centres, digital high streets and also as a key partner for growth in a new 21st century private sector-led Northern Ireland.

Our vision of 21st century town centres is of them reclaiming their rightful positions and roles as places which serve their communities, visitors, businesses and key stakeholders with a quality of experience that encourages them to keep coming back, and staying longer.

Glyn Roberts
Retail NI Chief Executive

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The challenges and opportunities for the retail sector

Conor Lambe
Economist at Danske Bank

The retail industry is one of the main sectors of the UK economy. Retail businesses provide jobs for many people; they're one of the places where we spend our money and they often play an important role in the local community. At a UK level, the volume of retail sales has grown every year since 2012. However, following the outcome of the EU referendum, the outlook for retail, like all sectors of the economy, is highly uncertain.

The wholesale and retail trade sector make up about 15 percent of Northern Ireland's economic output and provides around 125,000 employee jobs. Therefore the performance of the industry has a significant impact on the overall economy. Over the years ahead there will undoubtedly be challenges to overcome, but

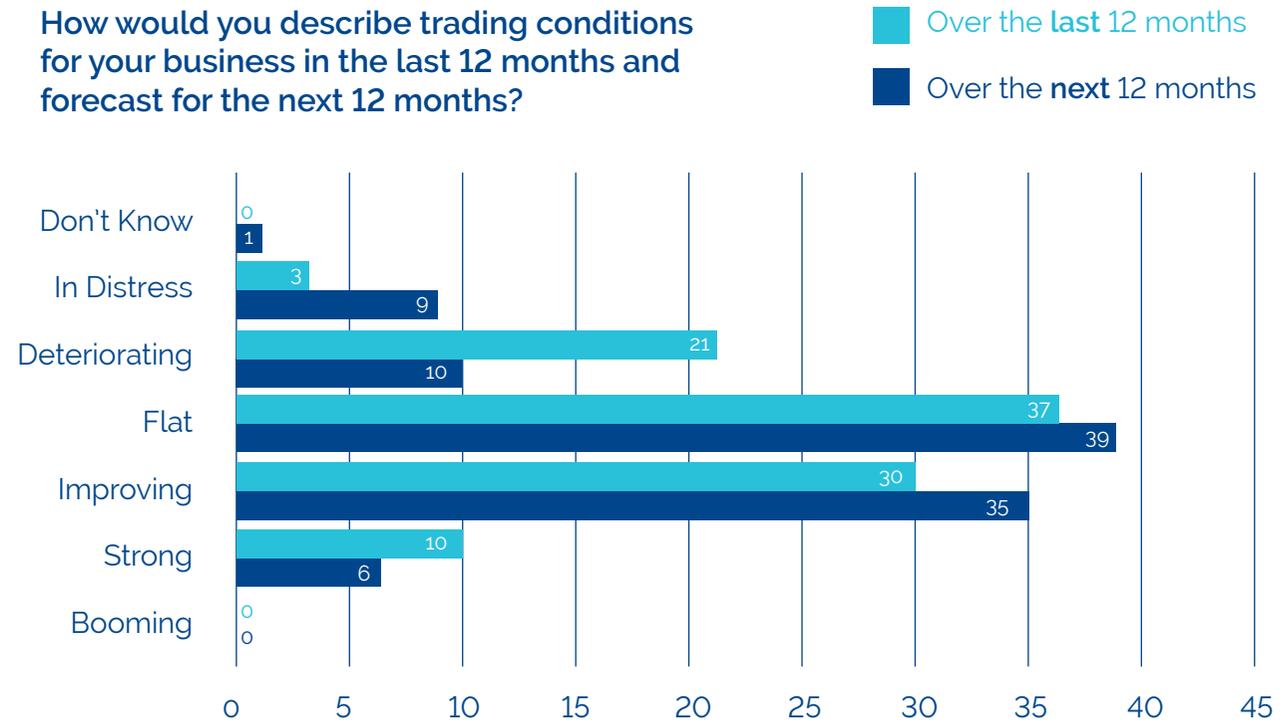
What are the Key
Challenges for **Retail NI**
Members?

What are the key issues for Retail NI members?

A survey was commissioned in late 2016 to gather opinions from our members on the business climate they were experiencing. A 16% representative sample of our membership completed a detailed questionnaire comprising of a variety of issues such as the impact of increased costs, the National Living Wage, the auto-enrolment into workplace pensions and the recent re-valuation of business rates.

The survey also detailed how our members foresaw the next 12 months for their businesses in a number of areas. Furthermore it focused on how they viewed government regulation and how they rated their local services. A significant part of this survey focused on the impact of the recent non-domestic rates revaluation.

How would you describe trading conditions for your business in the last 12 months and forecast for the next 12 months?

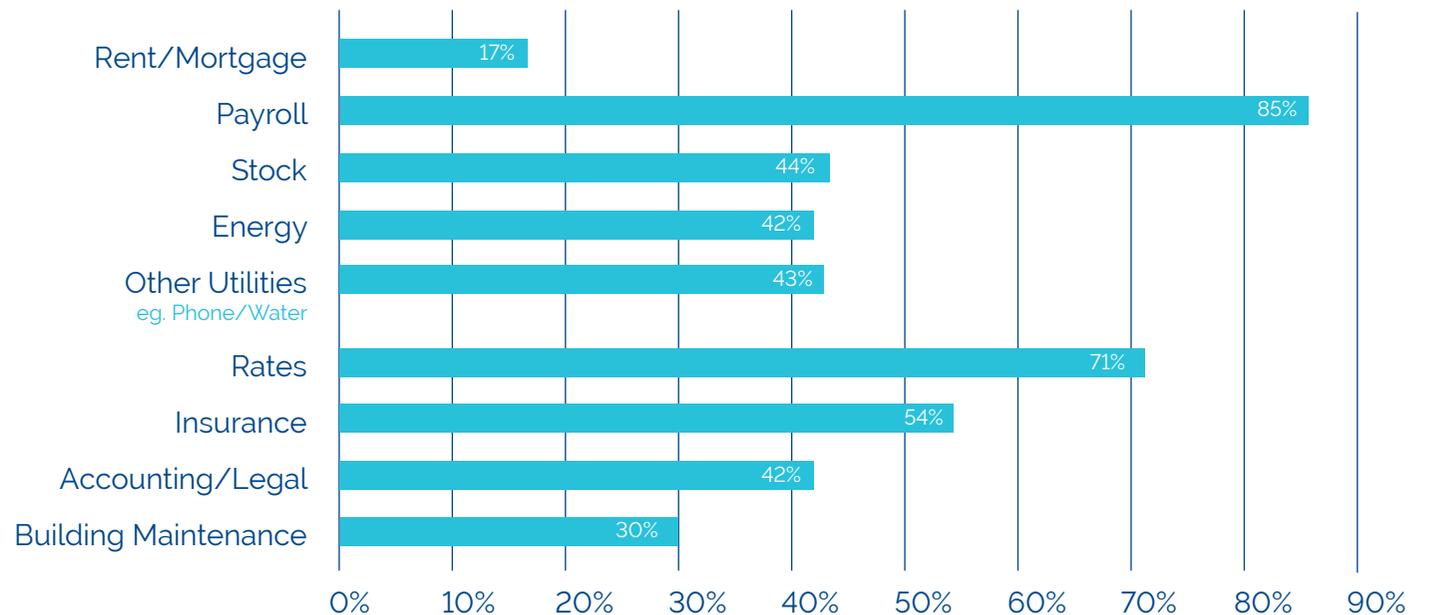


Business Costs

Perhaps the most significant finding in this report is that **91% of businesses saw their costs rise in the last year.**

As the table demonstrates, 85% of respondents have seen an increase in their payroll bill with 71% seeing an increase in their rates.

Labour costs pose the highest cost concern for our members, largely due to the imposition of the National Living Wage. Retail NI expects a 40% increase in our members' wage bills by 2020, and a further 9% increase due to the auto-enrolment of workplace pensions by 2019.



Respondents' costs which have increased over the last 12 months

Key issues for Retail NI members

National Living Wage

While Retail NI does not oppose the introduction of the National Living Wage (NLW), many of our members have expressed concerns about the effects of these increased costs on their business. The NLW will gradually rise to £9 an hour by 2020 and many of our members believe this will adversely affect their businesses and their own personal/family lives.



67%

of respondents insist they will be required to reduce the hours of their staff. Some of our members have already reduced the opening hours of their stores to cut back on increased salary expenditure.

51%

expect to reduce staff numbers over the course of the increased wages.

61%

of business owners will spend more time working themselves.

75%

of respondents will look extensively to reduce other costs in the business. This will take funding away from investment proposals.

26%

say the NLW will force them to postpone or cancel their investment plans.

Business Rates

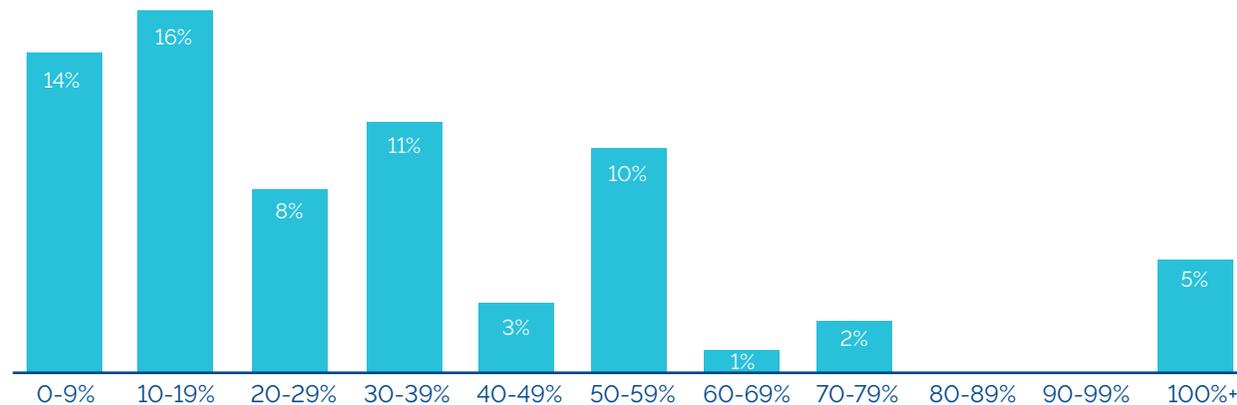
The recent revaluation of non domestic rates has significantly affected our members. 71% of respondents stated that their rates had increased in the last year, severely impacting upon their businesses, with 5% of members' rate bills increasing dramatically by between 100% and 200%.

Over 90% of those with increased rates said additional rate costs will have a significant impact on their business. A consistent concern made by respondents was the lack of clarity and reasoning behind the increase of rates and the lack of services these small businesses received in return for paying rates.

71%
of businesses saw
their rates increase
in the last year

Responses show that nearly a quarter (23%) benefit from the Small Business Rate Relief Scheme (SBRRS). However, of those who do benefit from the SBRRS, 65% still saw their rate bills increase. 72% of all respondents said they did not qualify for any rate relief at all.

Focusing on respondents who stated their rates had increased, nearly 95% saw their overall costs rise, and had typically more negative opinions on the impact of government regulation. 90% of those whose rates increased stated that this rise will have an unquestionable impact on their business's ability to progress or invest in the future. 76% of those respondents whose rates had risen did not qualify for any rate relief whatsoever.



Number of rate increases

Business Regulation

Another significant finding from this survey reflects our members' opinions on business regulation.

Excessive red tape is seen by our members as burdensome, especially as independent traders go to great personal lengths to ensure every regulation is being met. Our members would prefer to focus their valuable time and energy on running their businesses, rather than spending time filling in forms or complying with excessive inspection regimes.

Retailers are the chief administrators of these excessive regulations and we believe that these cumbersome regulations could have the potential to stand in the way of our members succeeding in their trade.

68%
of respondents
believe government
bureaucracy has
increased in the past
12 months and had
negatively impacted
their business

79%

of respondents agree that compliance with regulation is one of the greatest challenges to my business.

81%

believe that the overall level of regulation in Northern Ireland is an obstacle to business success.

Local Services

For independent retailers in Northern Ireland, their access to, and support of, local services is vital to their success. Opinions from respondents are quite concerning, with 50% stating they are dissatisfied with local services, and 43% rating them as "okay".

There were strong criticisms of local Councils. 50% of respondents were dissatisfied by their local Council's efforts to promote their area, with a further 27% said the efforts were "okay". Independent business owners are not seeing enough efforts made by Government and Councils in improving the area.

62%
of respondents
were strongly critical
of local councils'
support to local
businesses.

With regards to policing, 43% of our respondents claimed they had a poor working relationship with the PSNI in terms of crime prevention and detection, with just 36% saying the service was "okay". Specific points made were in relation to poor response time and accessibility to the service, particularly for respondents based in more rural areas.

Retail NI

Policy Priorities



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Standing up for
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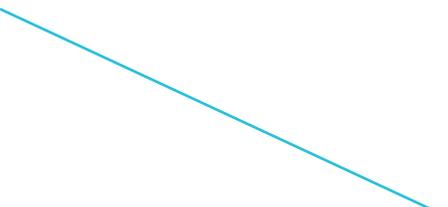
Getting Government to Deliver for the Economy



First and deputy Ministers
Programme for Government
Framework May 2016

“We believe a different approach is needed and so this new approach focuses on the impact on our people rather than the actions we take within Government. We recognise that for this to work effectively, we need a cohesive Executive working to deliver for all. We also need a system of Government that works across boundaries, organisations, groups and communities for the common good”

With the new nine Executive Departments in place, a slimmed down Assembly and the eleven local councils finding their feet, we need to see a new focus from Government at every level on delivery for our retail sector and the economy as a whole.



Retail NI Policy Recommendations

- Because of its coordinating role, the Executive Office should take over the implementation of a comprehensive Better Regulation Strategy across every Government department with a 'one in, one out' approach to any new regulation.
- The new Better Regulation Strategy should include yearly targets for each of the nine departments to remove unnecessary red tape and review impact analysis of new regulation on business.
- As recommended in the DETI Red Tape Report, the First and deputy First Ministers should appoint a 'Better Regulation Champion' to work across departments to challenge bad practice and ensure better regulation targets are met.
- The Executive Office should establish an independent 'Fiscal Commission' to objectively examine what further powers could be devolved, to give the Executive greater economic levers to further move the economy forward.
- The First & deputy First Ministers should establish an Executive subgroup to work with the Treasury, Local Councils and key stakeholders to bring forward City Deals for Derry/Londonderry, Belfast, Armagh, Lisburn and Newry.
- Given that Northern Ireland has fallen way behind the rest of the UK in relation to the number of Enterprise Zones, the Executive Office should lead discussions with the UK Government to rectify this. Retail NI suggests that the following areas be given priority:
 - Derry-Strabane
 - Soon to be former JTI and Michelin sites in Ballymena
 - Cardiff City Centre Enterprise Zone model for Belfast City Centre
 - Examine feasibility of Cross-Border Enterprise Zone in Newry
- The Department for Communities should establish a Northern Ireland Town Team to coordinate Town Centre Regeneration policy. Membership of this would include Departments for Finance, Economy and Infrastructure, the eleven Councils and retail and hospitality business organisations.
- The Northern Ireland Town Team should have a central role in drawing up a comprehensive Town Centre Shop Vacancy Strategy for our Town and City Centres.
- DAERA Minister should chair a strategic-focused Supply Chain Forum, comprising of key players from farming, processing, production and retail. This body would have a limit of fifteen members and draw up a comprehensive plan to address key challenges and ensure that the supply chain works for all involved.



Simon Hamilton MLA

Minister for the Economy, January 2017

“Every sector is vital to our economy and will be assisted but support will be strongest for those sectors and sub-sectors where we are already world class and where we can become world class. I firmly believe in the potential for Northern Ireland to once again become an economic powerhouse”

Creating Northern Ireland's Economic Powerhouse

The Executive has published a bold and ambitious draft Industrial Strategy and we look forward to working with the Department for the Economy in its implementation. It is important that it complements the recently published UK Industrial Strategy.

The Economy 2030 report is right to support sector growth plans and given the huge contribution the retail sector makes in supporting local jobs, local producers and the economy, we are keen to play our part in making Northern Ireland the most innovative and competitive small advanced economy.

Central to the next Executive Programme is the need to boost our productivity as a region and be more ambitious for growing the NI economy. Rather than accepting a growth rate of one or two percent, could we achieve 10% growth over the next five years?

The 12.5% corporation tax rate is no silver bullet and without real investment in skills and infrastructure its real potential will be lost. In light of Brexit and the rapidly changing world economy we need to see a 'reboot' of economic policy in the new Programme toward a stronger focus on skills, infrastructure and radical reform of business rates.

Retail NI wants to see an increased focus on ensuring that young people leave school with, at the very least, the basics in literacy and numeracy and the skills, attitude and work ethic to make a positive contribution as employees in Northern Ireland's independent retail sector. We also want to make the independent retail sector a more attractive career option for young people, whether it be as part-time workers, full-time employees or, indeed, as the retailers and employers of the future.

Retail NI Policy Recommendations

- We need a new 'belt and braces' Entrepreneurship strategy to include the Executive, Invest NI, Councils, colleges, banks and the private sector working together on an agreed plan. The Department for the Economy could take forward a new Enterprise and Small Business Bill to craft the policy framework to create conditions for the next generation of entrepreneurs, particularly new independent retailers.
- Retail NI will work with MLAs to establish an Assembly All Party Group on Retail to ensure our sector's policy priorities are heard with local political parties.
- Retail NI and our ROI partner, Retail Excellence Ireland, will establish a Cross-Border Retail Forum, bringing together the main retail business groups on the island to better coordinate policy and deal with Brexit challenges.
- Retail NI will seek to work with other business organisations and MPs to establish an All Party Group on the Northern Ireland economy at Westminster.
- Given the huge role retail plays in supporting local employment, the Department for the Economy should conduct a Retail Policy Review to examine ways in which to support further growth in the sector.
- As many Retail NI supplier members are manufacturers, we fully support the need for a Manufacturing Strategy for Northern Ireland.
- Retail NI strongly supports the devolution of Corporation Tax to the NI Executive, as more Foreign Direct Investment (FDI) will lead to more jobs, which will be a big long-term boost to our local retail sector. We welcome the 2018 date and rate for Corporation Tax, to provide the step change our economy needs.
- Further Education Colleges can support the retail sector by working in partnership with retailers to develop entrepreneurial skills to support the sector's growth. A new vocational route, running parallel to academic, from school right through to university, must be created.
- Retail NI will work with the Department for the Economy and the FE sector in developing a new Level 3 Retail Apprenticeship.
- Department of Education should establish a Numeracy and Literacy Taskforce chaired by a leading member of the business community and including key players from across the education sector. This taskforce would identify solutions to address the problem of poor numeracy and literacy within a six-month timeframe.
- Given the importance of Grade A office space, the Economy Department needs to put in place a strategy to address potential lack of supply to provide suitable accommodation for new Foreign Direct Investment in, or within, close proximity to, town centres, thus boosting potential retail footfall.



Finance Minister Máirtín Ó Muilleoir

MLA, December 2016

“My Rates Rethink proposals are the biggest package of reforms to our rates system for a generation. I want to see a modern, fairer rates system, which encourages regeneration, investment and entrepreneurship, while at the same time discourages dereliction and decline”

Getting Business Rates Right

Retail NI fully supports the Department of Finance's Rates Rethink proposals for a new Targeted Rate Relief Scheme for retail and hospitality on rateable values of up to £25,000 NAV for qualifying businesses. This scheme was based upon joint proposals published by Retail NI and Hospitality Ulster in 2016.

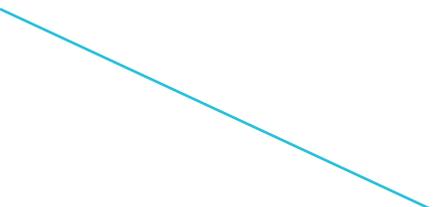
This new scheme of over £22million of rate relief is the highest amount ever, and is around two and a half times the previous relief available. This is significant and we urge cross-party backing for this business-critical plan as a priority in the 2017-2022 Assembly term.

These proposals are not just supporting the growth in retail and hospitality, but also given the independent retail and hospitality sectors' commitment to sourcing local produce, they are a real boost for the local supply chain

and for the agri-food sector among others.

Retail NI believes this plan is good for town and city centre regeneration, revitalizing our villages and rural infrastructure and for growing our tourism potential.

Directly assisting our independent retail and hospitality sectors is in line with existing rate relief for manufacturing and agriculture. Not only will this rate relief scheme be beneficial for many existing independent retail and hospitality businesses, it will potentially assist new businesses in our sectors with a substantial rate reduction, helping reduce their start-up costs. Businesses will have the confidence to reinvest the money that they will save on hiring new staff, further skills training and planning for the future.



Retail NI Policy Recommendations

- The Empty Premises Rate Relief scheme should be extended and its qualifying period reduced from 12 to 6 months.
- The Empty Premises Rate Relief first year 50% rate reduction should be extended further to year two with a 25% rate reduction to provide further support to the new business.
- Support ATCM call for Local Councils to be allowed to retain 100% of the business rates revenue growth within designated town centres, increasing the incentives to invest; ring-fence a minimum of 25% of business rates revenue collected within designated town centre locations and reinvest this back into the town centre in the form of long-term projects such as partnership capacity building, property renewal and transport infrastructure.
- Focus the relief system on rewarding investment, by providing time-limited exemptions for new store developments and letting businesses offset their capital investment against their rate bills.
- Vacant Property Rate should be increased from 50% on a graduated basis of 10% per year and extra income should be invested in the proposed Capital Allowance Rate Relief scheme.
- Remove more businesses from the rating list altogether to reduce the burden on the Valuation Office Agency to complete valuations and process appeals; exempt the smallest properties from business rates altogether and require others to pay a small flat rate charge.
- Reform the Business Rates Hardship Fund to ensure it is easier for businesses to claim in the event of flooding or disruption, as a result of major roadworks or public realm changes.
- Review the valuation scheme in sectors where rental value is not fit for purpose, for example, in forecourts (which pay high rates) and online distribution centres (which pay low rates).
- Department of Finance to examine ways to give the eleven Councils flexibility with rate relief to target urban dereliction and for support packages for new Foreign Direct Investment.
- A fully independent review of the operation and effectiveness of Land and Property Services must be established by the Minister for Finance.



Creating 21st Century Infrastructure for our Village, Town and City Centres



**Association of Town and City
Management Manifesto for
Town and City Centres**

“As diverse hubs of great complexity and density, the range of social and commercial interaction makes them breeding grounds for innovation and wealth creation. They are focal points for commerce, public services, transport, leisure and many other activities.”

Retail NI Policy Recommendations

- Immediate infrastructure priorities including the York Street Interchange, A6, A5, Belfast and Derry Integrated Transport Hubs, must be progressed rapidly. These critical projects will support improved connectivity of Belfast and Derry/Londonderry and boost their city centres.
- The Irish Government and the NI Executive must urgently address the journey time of the Belfast-Dublin Enterprise and work to modernise and improve the service.
- The Infrastructure Minister, working with the UK, Irish and American governments should organise a major NI International Infrastructure Investment conference to identify models of modernisation across the world to examine possible funding options and set new priorities for Northern Ireland.
- The Chambers of Commerce in Belfast, Newry and Lisburn, Retail NI and Hospitality Ulster have issued a joint call to reverse the decision to hike on-street car parking charges in Belfast, Newry and Lisburn. This must be a top priority for the Infrastructure Minister.
- Retail NI welcomes the strong Town Centre Retail First element of the new Strategic Planning Policy and the Minister for Infrastructure must be prepared to intervene if a local Council breaches this policy when dealing with a planning application.
- The Department for Communities should work with Councils and the private sector in establishing Town Centre Retail Incubator Units in vacant shops to encourage start-up retailers and provide affordable rents and marketing support for the first year. Ballymena Business Centre has already established a Town Centre Enterprise Hub in Church Street and the DfC should be replicating this model throughout all town and city centres.
- DfC and Councils should develop plans for Digital Town Centres that include 'networked High Streets' which puts libraries and other public spaces at the centre of each community, based on the technology that exists today and will develop in the future.
- Retail NI campaigned for the successful introduction of BIDs (Business Improvement Districts) and welcomes the successful votes in Belfast, Newry, Strabane, Enniskillen and Ballymena. DfC needs to establish a BIDs Development Fund to assist with new BIDs schemes across as many towns and cities as possible in Northern Ireland.
- DfC should establish a Northern Ireland Town Team to coordinate town centre regeneration policy. Membership of this would include Departments for Finance, Economy and Infrastructure, the eleven Councils and retail and hospitality business organisations.
- The Northern Ireland Town Team should have a central role in drawing up a comprehensive Town Centre Shop Vacancy Strategy for our town and city centres.
- The NI Executive should publish a new draft Local Government Bill to include the devolution of regeneration powers, on-street car parking and other responsibilities to give our local Councils the powers they need to modernise their town centres.



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Meeting the Challenges of Brexit



Rt Hon David Davis MP

Secretary of State for the Existing
European Union February 2017

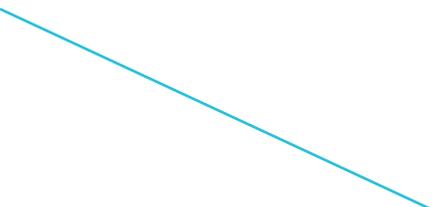
“The UK wants the EU to succeed. Indeed it is in our interests for it to prosper politically and economically and a strong new partnership with the UK will help to that end. The referendum result was not a vote to turn our back on Europe. Rather, it was a vote of confidence in the UK's ability to succeed in the world – an expression of optimism that our best days are still to come.”

For many local businesses, Brexit brings unwelcome uncertainty. The road ahead will be a huge challenge as we adjust to the huge impact of a future outside

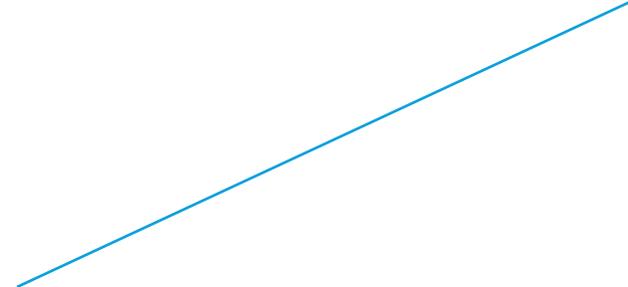
the EU. The focus now is on how we move forward, to create the stability and confidence all sectors of our economy need, which means strong, calm and decisive leadership at Westminster and Stormont.

For Retail NI the key question is how we move forward and away from the labels of 'remain' and 'leave' to ensure Northern Ireland and the UK as a whole forge a new relationship with the EU, post-Brexit.

Whatever new relationship is made with the EU it must reflect Northern Ireland's unique circumstances. A post-Brexit Northern Ireland needs to be a self-confident, outward-looking innovative region, which is the very best place in the UK and Ireland to locate or start a business.



Retail NI Policy Recommendations

- It is vital that the NI Executive and UK Government produce a clear plan to ensure the protection of tariff and barrier-free access to the EU 11million Euro Single Market, with its 500 million consumers and 26 million businesses.
 - The Governments in Dublin, Belfast and London must ensure that Brexit does not result in the hardening of the border and that no barriers are placed on trade or workers from across the EU.
 - According to our colleagues in the British Retail Consortium, the UK retail sector employs 120,000 EU nationals and this includes a very significant number locally. These EU nationals make a huge contribution to our local retail, hospitality and food sectors and deserve early reassurance that they will still be welcome here, whatever Brexit may bring and they should not be used as bargaining chips in the negotiations.
 - The NI Executive Office in Brussels needs not just to remain open, but to have additional resources and an enhanced role in promoting trade opportunities with the Single Market and maintaining relationships with key players in the EU.
 - Northern Ireland needs some degree of special status in its relationship with the EU and we call upon the Executive and the NIO to produce a draft model of what that will look like, which could form the basis of negotiations.
 - The NI Assembly should establish a Brexit Committee to scrutinise the Brexit process and take evidence from key sectors of civic society.
 - The NI Executive should appoint a senior civil servant to coordinate the Brexit process across Government departments, the business community and Whitehall.
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