

**Response to:**

**THE IN YEAR REVIEW OF THE SMALL BUSINESS RATE RELIEF SCHEME**

**October 2012**

**Introduction**

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The Northern Ireland Independent Retail Trade Association has over 1300 members who generate in excess of £3 billion turnover every year and employ over 30,000 staff.

NIIRTA welcomes the opportunity to contribute to this *In Year Review*

Northern Ireland is a small business economy with 98% of all business classified as 'small'.

The independent retail sector is the biggest sub-sector of that economy and plays a crucial role as the backbone of the private sector.

**Background**

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NIIRTA very much welcomes the recent extension of the Small Business Rate Relief Scheme by Finance Minister Sammy Wilson in April, which has benefited about a third of our members.

With Scotland adopting a similar scheme, DFP is leading the way across the UK in relation to its progressive use of rate relief for small business and deserves considerable credit for this.

While it is very early days for the scheme we have received some very positive feedback from our members, some of which have saved between £700-£1000 on their rates bill. This saving, in many occasions, has been reinvested into their shop with new equipment or changes to shop counters.

We have always held the view that the SBRRS is not a 'silver bullet' to solve the many problems facing the independent retail & small business sector, but is nevertheless a welcome response by the DFP to providing some assistance.

NIIRTA is also very supportive of the Empty Premises Relief, which has assisted with 32 new small businesses being established, generating sustainable jobs and footfall for town centres.

NIIRTA is extremely concerned with the recent figures on shop vacancy rates released by Lisney. The study quantified and highlighted retail challenges across Northern Ireland showing the percentage of vacant shops had nearly doubled.

Included in the Lisney study was the percentage of vacant shops in Northern Ireland. Now at 19% this substantial increase means that Northern Ireland is now well above the UK average of 11.4%. Belfast has seen some of the most dramatic increases with a vacancy rate of 23.1%. This figure means that an average of one in four shops is vacant in Belfast. The continued unpredictable levels of retail administration and store closures have the most dramatic affect on these figures.

Commenting on the research, Lisney Managing Director, Declan Flynn, emphasises, *“In retail and business rates remain a major issues, we have a situation where the level of business rates levied is completely decoupled from the commercial realities of rents and the trading performance of the retailer”*. Mr Flynn also highlights how best practice in England with the introduction of Enterprise Zones provides, *“a more streamlines planning system, tax incentives and business rates relief”*.

### **NIIRTA Policy Priorities on Rates Relief**

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In our recently launched document *‘Town Centre First’* we put forward over 50 different solutions to tackling the many problems facing our local retail sector and town centres and strongly called for a new joined up approach by a number of Executive departments.

- NIIRTA supports the increased ceiling on relief for those businesses that have a NAV of £10,000. We would urge the Minister to increase the qualifying criteria to £12,000 NAV with the aim of a further increase of NAV to £15,000 by 2016 with reliable funding methods in place.
- Backing up the existing first year rate holiday of 50% for businesses occupying vacant shops. A further proposal of an emergency 100% first year relief should be considered for town centres that have a vacancy rate of 40% or more. This would support regeneration efforts for the region.
- To coincide with this we would also suggest that the Department of Finance and Personnel should provide a 50% rate relief for those opening short term pop up shops. While working with local councils the Executive should establish and support Small Retailer incubation units for new traders setting up in town centres and examine ways in which it can support and provide appropriate rate relief in order to develop this initiative.

- NIIRTA proposes in our “Town Centre First” document that the NI Executive grant the top ten towns and city centres with the highest shop vacancy rates with an enterprise zone status. In place in these zones would include a relaxation of planning regulations in order to enable faster and more efficient decisions as well as rate holidays and other capital allowances to provide an incentive for new retailers and businesses developments in town centres.

## **The Future**

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NIIRTA believes that the Small Business Rate Relief Scheme and the Large Store Levy should be extended beyond 2015. We are open minded as to how this SBRRS is funded in the future and would be happy to engage with DFP on this issue.

We are very clear that Large Town Centre stores should be exempt from this levy and would urge the DFP to re-examine this.

NIIRTA also has concerns that when the SBRRS ends in 2015, thousands of small businesses may face a 20% increase in rates and would urge DFP to avoid this and ensure that arrangements are put in place in advance of the planned revaluation.

The DFP should consider establishing an advisory committee on business rates from relevant business organisation to advise the Minister on all these issues.

## **References**

Lisney, Retail and FDI challenges highlighted in extensive Lisney study.

Found at: <http://www.lisney.com/About-Lisney/News-And-Research/Retail-and-FDI-challenges-highlighted-in-extensive-Lisney-study-Northern-Ireland.aspx>, Accessed on: 26<sup>th</sup> Sept 12,

Department of Finance and Personnel, Found at: [www.dfpni.gov.uk/rating-review](http://www.dfpni.gov.uk/rating-review), Accessed on: 26<sup>th</sup> Sept 12.

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