



NIIRTA Submission to Small Business Rate Relief Review 2014

Introduction

The Northern Ireland Independent Retail Trade Association (NIIRTA) is the representative business organisation for the independent retail and wholesale sector in Northern Ireland.

Our 1500 members include independent retailers, wholesalers, suppliers to the sector and affiliated Chambers of Commerce.

We are delighted to respond to this timely consultation on the future of the Small Business Rate Relief Scheme. (SBRSS)

Setting the Scene

NIIRTA has long campaigned for the establishment of the SBRSS, highlighting that Northern Ireland was the only part of the UK not to have such a scheme. We also successfully lobbied for the introduction of the Empty Premises Rate Relief Scheme to address the challenges of town centre shop vacancies.

In addition NIIRTA has published three detailed reports, *Programme for Prosperity*, *Town Centre First* and *Local First* which set out our views on Rates and other forms of taxation.

Rates are among the top three areas of concern for our members with many struggling to pay the high cost of their rates.

NIIRTA has always recognised that the SBRSS is not a 'silver bullet' which will solve the many problems facing the independent retail and small business sector, but was nevertheless a welcome response by the Department of Finance and Personnel in providing a practical form of assistance.

Approximately one third of our members currently qualify for the SBRSS and we have received positive feedback from our members with many of them saving between £500-£700. Many of them have used this saving by reinvesting it back into their business. Of course we would like to see this eligibility considerably expanded as part of any future development of the Scheme. The most common areas of reinvestment identified have been in new IT equipment, signage and staff training.

The Future of SBRRS

Northern Ireland's town centres have not just the highest shop vacancy rate in the UK but twice the national average. We need to see a greater targeted approach to rate relief, which focuses on addressing the challenges facing our town centres.

Town centres have clearly defined boundaries within Planning Law, so why not rates?

Policy Options for future of SBRSS

- While the current SBRRS has been well received, we also believe there is an argument to look at a targeted approach to support town centres, arterial routes and retailers.
- The Rates Revaluation must address the current unbalanced situation where town centre traders can pay more per sq ft in rates than large multinational out of town hypermarkets.
- To complement this, NIIRTA would call upon DFP to establish a targeted **Town Centre Rate Relief Scheme**, which would provide a 25% reduction for town centre retailers and those in the hospitality sector.
- In much of the discussions on town and city centres, the question of regenerating villages has been left out. We would urge DFP to consider a **Rural Retail Rate Relief Scheme** for those retailers who are integral part of village life.
- As we believe that the Large Retailer levy has caused no significant impact on large multi-national retailers, we believe it should be extended beyond 2015 to ensure a funding stream for the SBRRS. The majority of those paying this levy are large out of town stores which have competitive advantage over town centre traders with free car parking and pay less per sq. ft on rates than many of them.
- Ideally we would like large town centre multiple stores to be excluded from the Large Retail Levy
- Manufacturers have a separate rating system and on this principle, we urge DFP to review whether a fairer system for retailers is practical and deliverable. Including taking submissions from independent experts
- To assist Councils develop their Town Centre Vacancy strategies, we recommend that the DFP change the qualifying criteria of the Empty Premises Relief from a property having to be twelve months vacant to six months to ensure a faster turnover.

- DFP must consider more innovative approaches as to how they use Rates tools, to provide more incentives which will encourage a variety of businesses to consider locating in town centres.
- NIIRTA believes that if a town centre shop vacancy rate reaches 40%, Councils should have the power to request that Department of Finance and Personnel (DFP) automatically implements an emergency rate relief scheme. DFP officials should then be seconded for a short-term period to assist local officials to develop an action plan to deal with immediate issues.
- DFP and local Councils need to ensure that the 2015 Rates Revaluation and Rates Convergence do not have a double whammy effect on small businesses. No small trader should have to pay any extra in rates as a result of the re-organisation of local government.
- Councils need to ensure they fully consult with local traders before they strike a business rate. A series of business consultation meetings should be held before an approval vote in Council. There is provision in the consultations around transferring planning powers for greater community engagement (including the business community). Therefore there is no reason why this community consultation cannot be at the centre of the process for deciding local rates issues.

Conclusion

Currently Rates are the only taxation powers of the NI Executive. It has shown imagination and flexibility in using the rates to support small businesses and address the issue of empty shops and offices with the Empty Premises Relief.

While we are happy for the current SBRRS to continue, NIIRTA believes that a new, targeted approach to addressing the twin challenges facing Independent Retailers and Town Centres is needed. Over 3000 independent retailers have closed in the past four years and Northern Ireland continues to have the highest shop vacancy rate in the UK.

The Empty Premises Relief must not only continue, but be built upon to ensure the hundreds of new businesses it has created are accelerated.

NIIRTA has never envisaged the SBRRS as a temporary recessionary measure, but a scheme that enables local business to keep more their hard earned funds and reinvest them into their business for future growth.

Glyn Roberts

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