RETAIL IN NORTHERN IRELAND
- IN PARTNERSHIP WITH COUNCILS
THERE HAS BEEN MORE CHANGE IN THE RETAIL INDUSTRY IN THE PAST FIVE YEARS THAN THERE HAS IN THE PREVIOUS FIFTY AND THAT CHANGE WILL CONTINUE AND ACCELERATE. NORTHERN IRELAND COUNCILS ARE NOT SIMPLY BYSTANDERS IN THIS CHANGE, RATHER THEY ARE STRATEGIC PARTNERS THAT, THROUGH WORKING WITH OUR INDUSTRY, CAN MAKE THEIR COUNCIL AREAS A BETTER PLACE TO LIVE, WORK AND INVEST. WORKING TOGETHER WE CAN MAKE OUR VILLAGES, TOWNS AND CITIES MORE COMPETITIVE NOT JUST IN NORTHERN IRELAND, BUT GLOBALLY.

CONTENTS

RETAIL IN NORTHERN IRELAND NOW  03
RETAIL IN THE FUTURE  04
THE NORTHERN IRELAND CONSUMER  07
THE CHALLENGES AND HOW WE CAN WORK IN PARTNERSHIP WITH COUNCILS  08
OUR HIGH STREETS  09
MANAGING CHANGE:  10
NORTHERN IRELAND FUTURE HIGH STREETS FUND  11
CONCLUSION  11
90,000 people work in just over 9000 stores across Northern Ireland.

10% of all jobs in NI and is the biggest private sector employer.

One in eight households has someone who works in retail.

1.8 million people conduct 9.8 million retail transactions each week.

More women working in it than men 55% to 45%

A weekly food shop was 26% of earnings in 1970, in 2018 = 10%

Retail pays a quarter of all business rates but is only 12% of the economy.

UK wide net profit 2.5% of sales, down from 4% in 2013.
The retail industry is a driving force in the economy and at the heart of communities up and down the country. We are at a reset moment. Technology is transforming how people shop. Alongside rising costs and soft demand this is creating a perfect storm that is driving real structural change right across the industry.

That change is happening quickly and happening now – some say we are only in the foothills. In recent months there’s been a roll call of household names facing significant challenges, and some business are sadly no longer with us. This period is about reinvention retail, not Armageddon retail.

This has significant implications for our economy and our society which policy makers need to be considering now.

---

-3,200

NET CHANGE IN SHOPS 2015-2018
Source: ONS

Online continues to grow as more barriers are overcome. Increasing proportion of purchases.

Fewer stores, more warehouses -3,200 net change in shops 2015-18 in the UK.
Stores will continue to play a key role, but their purpose will be different.

More consolidation partnerships and acquisitions, and internet enables more small businesses to grow.

Fewer jobs but higher quality and better paid jobs.

Line between retail and other sectors becomes increasingly blurred.
THE NORTHERN IRELAND CONSUMER

NORTHERN IRELAND HOUSEHOLDS ARE ALREADY AT A LOWER ECONOMIC STARTING POINT THAN HOUSEHOLDS IN GREAT BRITAIN. THIS IS WHY THERE IS A NEED TO KEEP DOMESTIC DISTRICT RATES AS LOW AS POSSIBLE.

AROUND HALF THE WEEKLY DISCRETIONARY INCOME OF GB

CLICK AND COLLECT AND DELIVERY BECOMING MORE IMPORTANT

MUCH MORE WEDDED TO THE WEEKLY SHOP THAN GB, BECOMING MORE CONVENIENCE ORIENTATED

NI CONSUMERS ARE VERY SAVVY ABOUT PRICE, QUALITY AND VALUE

ONLINE IS BECOMING MUCH MORE POPULAR, MORE THAN 50% OF HITS ON RETAIL SITES ARE FROM MOBILES

NI CONSUMERS ARE MORE “LOCAL” ORIENTATED THAN GB CONSUMERS AND LIKE TO SEE LOCAL PRODUCE ON THE SHELVES
THE CHALLENGES AND HOW WE CAN WORK IN PARTNERSHIP WITH COUNCILS

Our town centres and high streets have a great deal to offer, with an eclectic and symbiotic mix of large and small retail, hospitality and leisure. However, there are more challenges for the industry and our towns than ever before, with rising costs and the need to adapt to the latest consumer led changes. That is why a partnership approach is the only way forward.
Our High Streets

In 2012 one in five shops lay empty in Northern Ireland, double the national average. Today, we continue to have the highest vacancy rates in the UK at over 14% compared to around 9% nationally. While this progress is welcome, much more needs to be done for us to have vibrant high streets across our villages, towns and cities.

Key Actions:

• A Towns and Cities Partnership to coordinate town centre regeneration policy, made up of representatives from the Department for Finance, Infrastructure, Communities, Economy, the eleven Local Councils and key business organisations. This also then could be taken down a level to each of the councils, for example like the Town Teams that were created in Great Britain as an response to the UK Government Portas Review.

• Councils to put in place a Shop Vacancy Strategy. This should take into account the fact that retail will contract and there will be a need not only to support retailers but to make sure there is a vibrant mix of leisure, hospitality and office space.

• Councils should explore Living Over the Shops (LOTS) Schemes as a tailored high street solution. We know that retail space is contracting and some towns and cities across the UK have used LOTS schemes as a platform to rejuvenate their high streets. These schemes create their own footfall and their own sense of community, bringing life to streets that traditionally empty at 5pm.

• The eleven Councils to put in place common Key Performance Indicators to measure the economic health of each of their town centres and publish their findings on an annual basis.

• Town centre/high street plans must be holistic. The high street is a delicate eco-system and this must be considered as encompassing health, housing, education, arts, entertainment, business/office space, manufacturing and leisure in any plans. There must be a development of day-time, evening and night-time cultures where shops are an integral part of a vibrant town centre.

• We must replicate in our town centres those qualities that make edge of town and out of town retail successful. Safe and accessible shopping in a welcoming public realm, integrated marketing plans making the most of the individual selling points of each of our conurbations and cheap or free car parking to allow shoppers to spend their time as well as their money in our town centres.
MANAGING CHANGE:

WITH THE SEISMIC FUNDAMENTAL CHANGE HAPPENING IN OUR INDUSTRY, WE MUST WORK IN PARTNERSHIP WITH LOCAL GOVERNMENT TO RIDE THE WAVE OF THIS CHANGE AND NOT GET LEFT BEHIND.

Key Actions:

- We support the call of the Northern Ireland Local Government Association (NILGA) for Councils to have additional powers covering regeneration, City Deals, car parking, more economic development, neighbourhood services and emergency planning.

- We welcome the progress of the Belfast Regional City Deal and the rubber stamping of the Derry-Strabane Deal. A priority must be given to assisting the remaining Councils to develop their own City Deals and retailers must be involved in their design and implementation.

- Local Development Plans (LDP) will be at the centre of managing change. The LDPs for the eleven councils must be aligned with any future Programme for Government produced by an incoming Executive. They also must take a forward looking approach to what our high streets will look like. It is imperative that retail is an important part in these plans and that retailers are allowed to feed into these plans on an on-going basis.

- We have been very supportive of Business Improvement Districts (BIDs), in fact our sister organisation, the British Retail Consortium, wrote the guidance on how to make a BID. However, going forward we must make sure that BIDs deliver on top of, and not instead of, council responsibilities, that there are defined benefits for all, and that they are drawn in an equitable manner. Everyone in the catchment area should see tangible benefits of being involved and have a say in how the BID develops.

Business Rates:

Comparative top line Business rates poundages in the UK.

- ENGLAND 50.4P IN THE POUND
- WALES 52.6P IN THE POUND
- SCOTLAND 51.6P IN THE POUND
- NORTHERN IRELAND 63.75P IN THE POUND

The fact that retail is 12% of the economy and pays a quarter of all business rates is simply not sustainable especially given the seismic structural changes going on in the industry. We have some of the highest business rates in Europe and they are a disincentive to investing in Northern Ireland.

Key Actions:

- We recommend that Councils freeze or decrease district business rates in order to give a boost to struggling retailers and to encourage investment.

- We recommend a widening of the tax base to bring equity to the system including a review of the plethora of exemptions and reliefs, some of which have been in place since the 1930’s, to ensure they are fit for purpose.

- We encourage local government to work alongside the Department of Finance to look at fundamental reform of our business rates system that is simply not fit for purpose in the 21st Century.
This new fund for high streets at a UK level sounds like a promising move to enhance the economic viability of town centres, but we need to see an equivalent here in Northern Ireland.

Where Business Improvement Districts or others have good ideas they should be eligible for the cash. Ideally business must be heavily involved and any new fund must not be for duplication of current work but used for new innovation to provide tailored solutions to the individual needs of our towns and cities.

**CONCLUSION**

What we have ahead of us is a brave new world for both our industry and our towns and cities. It has never been more important for retail and Local Government to work in tandem, to share ideas and best practice, to work on tailored innovative solutions for our high streets and to ensure that each of our eleven councils can meet the challenges of the future head on.

We in the Northern Ireland Retail Consortium look forward to working with you in the coming months. We welcome engagement to support you to deliver 21st Century high streets.
The NIRC's purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future.

Retail is an exciting, dynamic and diverse industry which is going through a period of profound change. Technology is transforming how people shop; costs are increasing; and growth in consumer spending is slow.

The NIRC is committed to ensuring the industry thrives through this period of transformation. We tell the story of retail, work with our members to drive positive change and use our expertise and influence to create an economic and policy environment that enables retail businesses to thrive and consumers to benefit.