

NORTHERN IRELAND RETAIL CONSORTIUM'S RECOMMENDATIONS FOR THE NI EXECUTIVE'S BUDGET FOR 2021-22

1. Firms are looking for as much certainty as possible at the present time, which for some sub-sectors of retail is as much about survival as it is about thriving as a business. It is crucial that the Executive parties take a collegiate approach and ensure a Northern Ireland Budget which supports economic recovery is passed swiftly and without delay.

EU Exit and the Northern Ireland Protocol

2. As well as dealing with the ongoing COVID-19 pandemic, the uncertainty surrounding the UK's exit from the European Union continues to have an impact on and create a challenging environment and outlook for NI businesses. There are still questions as to the long-term trading arrangements and the frictions there may be before any opportunities may be realised. In this space business in Northern Ireland will need support from both the Westminster Government and the Northern Ireland Executive to allow trade to flow and business to continue to trade competitively. But this is not just about business, this is also essential at a micro-economic household level. With NI households having half of the discretionary income of GB households, we in the retail industry need to be able to continue to give NI families the choice and affordability they need. ¹

Retail Strategy

3. We are calling for a Northern Ireland Retail Strategy like that which was proposed by Scotland by our colleagues in the Scottish Retail Consortium and committed to in the Scottish First Minister's 'Programme for Government'. Even before the onset of Coronavirus, the retail industry in Northern Ireland – the country's largest private sector employer which directly provides 100,000 jobs - was undergoing seismic transformation thanks to profound structural and economic changes. We need more strategic approach towards supporting the survival - and in due course nurturing - of the growth of the industry - putting in place a more effective framework for managing the policy, regulatory and cost burden on the industry and helping it fulfil its potential over the decade ahead. This will benefit retail, the customers it serves, and its supply chain. The formation of a High Streets Task Force, which was announced on Aug 6 2020 and first met on 23 Feb 2021, is a positive step. However, its scope is much wider than just the retail industry and our industry continues to need focussed and tailored support.

¹ ASDA/CEBR Income tracker October 2020

Economic Recovery Action Plan

4. The Northern Ireland Retail Consortium supports and asks for financial support in this budget for the Economic Recovery Plan announced by the Minister for the Economy on 25 Feb 2021. This plan not only provides an initial road map for recovery but tangible actions some of which we have long been asking for even prior to Covid including:
 - the development of a flexible skills fund akin to Scotland
 - widening access to apprenticeships by removing the age cap to allow those changing careers to avail of training and opportunity.
 - delivering the High Street Stimulus Scheme which as we have seen in places such as Jersey, Malta and Taiwan, leverages greater spend than that on the card.
 - accelerating delivery of City and Growth Deals

This should be an immediate priority.

Town and city centres

5. The temporary Retail, Hospitality & Leisure Covid Grants Scheme provided welcome financial assistance for retailers as well as for Northern Ireland's high streets during the depths of lockdown. However, the shop vacancy rate stood at 14.6% even before the onset of Coronavirus which was and continues to be the highest across these islands; so we suggest a Town Centres Fund on a more sustained and less ad hoc basis. Business Improvement Districts or others with good ideas should be permitted to access it, giving tailored solutions to local needs.

Non-domestic rates

6. The 100% business rates waiver during 2020-21 for non-grocery Retail, Hospitality and Leisure sectors has been vital and timely for the retail industry, much of which had to cease trading for the best part of four months during the early part of the pandemic. Ministers acted decisively and swiftly to back the industry at a time in which it faced substantial fresh outgoings related to physical distancing and hygiene measures, PPE, higher absenteeism levels, a revamping of their online and fulfilment capabilities, and at a time when much of the industry continues to witness lower footfall and a prolonged weakness in shopper footfall.
7. The economics of store-based retailing has shifted irrevocably. The sheer cost of property continues to weigh on upcoming decisions over the viability of stores. With retailers' revenues continuing to fall short, especially in city centres, and with shops unable to trade at capacity due to physical distancing restrictions and caps on numbers in stores, a renewal of business rates will put pressure on an already squeezed industry. Revenues and costs continue to be out of kilter and returning to full business rates would be the death knell for some retailers and outlets. An early commitment to a phased re-instatement via an extended relief or discount (perhaps over 2 years or up until the next revaluation) will be required. It would provide a cashflow and confidence boost at a time when repayments commence for various Covid loan schemes and tax deferrals, and the re-start of BID levy payments.
8. We still believe that there should be a wholesale change to the NI Business Rates system which is antiquated and does not either reflect business reality in the 21st Century, nor does it have the ability to flex without full intervention to reflect the economic circumstances.

Flexible workforce development fund

9. Retailers have a strong record on training and skills development, indeed it is an industry where many careers which start in the stockroom or shopfloor end up in the boardroom. Retailers have also invested considerably and at scale over recent months in staff training on implementing a range of Covid19 safety protocols. As mentioned above we need a workforce development fund and we have welcomed the steps the Economy Minister has taken to make it a reality. However, we must learn lessons from what as happened in Scotland where the limitations on accessing the fund, which are capped at £15,000 per firm, mean many retailers are unable to take advantage of it. With NI retailers contributing substantially to the Apprenticeship Levy this would be unequitable, and so any cap must take that into account, particularly at a time when retailers are devoting much more of their training budgets towards implementing Covid19 public policy.

Northern Ireland Retail Consortium – February 2021

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