Northern Ireland Assembly

Committee for Finance and Personnel

# OFFICIAL REPORT (Hansard)

## Business Rating: Northern Ireland Independent Retail Trade Association

15 October 2014

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**
Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Ms Michaela Boyle
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea

**Witnesses:**

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|---|---|
| Mr Glyn Roberts | Northern Ireland Independent Retail Trade Association |

**The Chairperson (Mr McKay):** I welcome Glyn Roberts, chief executive of NIIRTA, to the Committee. You are very welcome.

**Mr Glyn Roberts (Northern Ireland Independent Retail Trade Association):** Thank you, Chair.

**The Chairperson (Mr McKay):** Glyn, do you want to perhaps give us a brief overview of your organisation's thoughts on the small business rate relief review and on any other points that you want to raise with the Committee?

**Mr Roberts:** Thank you very much for the opportunity to brief your Committee. At the outset, it is worth saying that rating is probably one of the issues that the Executive have a good, strong track record on. It is the only taxation power that Stormont currently has. You have seen out-of-the-box thinking on a range of aspects of the rating system, not least the empty premises relief, which has helped to create over 331 new businesses, from hotels, such as the Marine Hotel in your constituency, Chair, which is a big help to regenerating that part of Ballycastle, to new restaurants, new shops and many other types of business. So, it is certainly a scheme that we want to see built on and extended.

Of course, the small business rate relief scheme, which we strenuously lobbied for over a number of years, has been helpful. However, in one sense, as we face into 2015, we face an almost perfect storm of rates issues with the revaluation, rates convergence, review of the small business rate relief scheme and obviously a fourth area where the Minister has indicated that he wants to instigate a further review of the whole rating system. For our members, 2015 is the rates year; it is the key year for us to make sure that we get all of those things right. Obviously, there will be winners and losers with the revaluation, but we hope that the revaluation will reset things. Clearly, we want to see our town centres and our town centre traders looked after in that review. We have expressed concern for some time that many of the big out-of-town stores are paying less per square foot than many of the town centre traders in each of your constituencies.

To turn to the current review of the small business rate relief scheme, we have given written and oral evidence to the Northern Ireland Centre for Economic Policy (NICEP) review. We have done a brief telephone survey of our members who qualify for it. We estimate that roughly one-third of our 1,500 members qualify for it. We asked what they did with the savings, and it varied from buying a new cash register to putting a staff member on a new course to upgrading the shop to many other different things, so, even though, for many of them it was between £500 up to, in some cases, £1,000, that small amount was certainty welcome. It sent a very important message; that this institution values the contribution that our independent retail sector and our small business sector make to the economy.

Of course, we never saw that as a silver bullet, but we saw it as something that, alongside, for instance, the five-hours-for-£1 car-parking scheme, the changes in planning law to get a strong town-centre-first planning policy and addressing issues like red tape and regulation, was proof of Departments doing lots of little things that add up to something big. In that sense, the operation of the small business rate relief scheme has worked well. It is a simple enough scheme to operate: if your net annual value is £15,000 or below, you qualify for it.

One of the things that I get from discussion with NICEP and various other key stakeholders is the impression that a more targeted approach may well be better. I have not seen the final NICEP report, but it may look at that. We would be generally happy with the current scheme being extended from those with a net annual value of under £15,000 to under £17,000. However, if that is not the case, we have put forward a number of different options.

The first thing is to look at our town centres. We have the highest shop vacancy rate in the UK; in fact, it is twice the UK national average. That figure has stayed stubbornly still for some time. What we want — the evidence that we have put to the review reflects this — is to look at whether it is possible to establish a town centre rate relief scheme. What we mean by that is essentially to ensure that we incentivise further town centre locations for any type of business, whether it is new foreign direct investment, new retailers or new hospitality. We have enough vacant land in each of our town and city centres to ensure that that is the case. We have enough dereliction, and I think that our new super-councils have a big role to play in addressing that with the new powers that they have.

We would look at a town centre rate relief scheme, but we are also very conscious that, in a lot of our discussions, when we talk about town and city centres, we forget the contribution that our villages make to our retail sector and community life as well. A lot of our members, being very small retailers, are the mainstay in villages, and if they were not there, village life and community life would be the worse for it. We have asked that a rural rate relief scheme for small villages be considered, because of the vital contribution that independent retailers, particularly independent grocery retailers, make in those villages.

We have also said that we think that the ending of the large retail levy is a mistake. We would like to see reform to that whereby, if the large retailers do the right thing and locate in town and city centres, they will be exempt from it. To the best of my knowledge, none of the stores that paid for the large retail levy has closed. In fact, they continue to grow and expand. Of course, we already have a precedent in place with the manufacturing rate relief scheme. That has worked very well to support our manufacturing sector. We also need to see changes to the empty premises relief. To qualify for the current empty premises relief, the building, office or shop has to be vacant for 12 months. We believe that that should be changed to six months to ensure that we have a faster turnaround and that there is greater choice. That policy would assist the work that I hope that our 11 super-councils will do to address town-centre dereliction.

If a town-centre vacancy rate reaches 40%, councils should have the power to request that DFP automatically implement an emergency rate relief that would work with that struggling town centre to ensure that it has the wherewithal to bounce back. Of course, the empty premises relief, apart from addressing the issue of dereliction and shop vacancies, is also crucial for new entrepreneurs. The first year of any business is the most vital. If you are paying only 50% rates in your first year, that is a big help.

In the rates revaluation, we need to ensure that we get as many winners over the line as possible in terms of independent retailers and small businesses. There will be winners and losers. We have been very clear to our members and the broader business community that there will be people who will not win out in the revaluation. There is always a health warning. However, it is timely; it is long overdue. We hope that it will put our town centres and our independent retail and small business sector first.

I have spoken to nearly all the 11 chief executives about rates convergence. I hope to present to as many of the super-councils in shadow mode as possible about their role. We want to see them playing a greater role in consulting in a structural way with the business community before they strike their own rates. Obviously, they are bigger entities and will be able to do more with the rates that they have. That means that consultation with the private sector, which pays the rates, is crucial.

We need to see the detail of the £30 million fund that the Minister announced. I think that he is due to announce the detail of that in a few weeks' time . We want to ensure that no business is disadvantaged because it moves from one council boundary to another. I asked the chief executives of the 11 councils whether that £30 million would stretch beyond a one- or two-year period. We need clarification on that. The worry is that you could get a business that loses out in the rates revaluation, the rates convergence and possibly even the small business rate relief scheme if it goes for a more targeted approach as well.

In all those things, 2015 is the key year for rates and our members in that respect. It is the only taxation power. Corporation tax will bring long-term foreign direct investment (FDI) benefits to the Northern Ireland economy, but rates is the issue here and now that the Assembly needs to deal with. As I said at the start, it is something that the Executive have a strong track record on; they have thought outside the box and have done new things. The empty premises relief is very different from any other part of the UK and is now being copied by other Administrations. This is something that the Executive can rightly say is a success story. A great deal has been done, but there is much more to do.

**The Chairperson (Mr McKay):** Thank you, Glyn. You said that about a third of the 1,500 members qualify for small business rate relief. An issue for many Committee members was trying to measure the benefits of the relief at present, apart from just a saving for the business. Do you have any evidence or indication from the numbers of how it has been reinvested in IT, equipment etc by businesses?

**Mr Roberts:** We have not been able to do a comprehensive survey, because that would take time; however, we have on an anecdotal basis. As members know, we work closely with nearly all the town-based chambers of commerce, and I have asked the presidents of those chambers to feed back information. It is a similar concern, even outside the non-independent retailers who qualify for the scheme, and they have just not banked it as such. In the grand scheme of things, it is a small amount. However, they have used it to reinvest in their shop and to put staff on courses, for example. As I said at the start, it is not a silver bullet, but alongside things such as getting car parking and planning right, it is the little things that add up to something big, and that is where we see the benefit of the scheme. For a very small business, saving £1,000 is a great deal. I know that business organisations that represent big business have been opposed to the scheme in the past. When you talk to the shopkeeper of a very small shop, a very small newsagents or a very small butchers, saving up to £1,000 a year is a big help. Let us not forget that not only do we have the highest shop vacancy rate, we also have twice the UK national average, and we need to address that urgently.

**The Chairperson (Mr McKay):** Can you elaborate on the town-centre rate relief scheme? How do you define a town centre? I know of examples where people are looking for planning applications for a new store in a town that might stretch the definition of a town centre. I heard of another example where the development of an out-of-town store was surrounded by other stores, and now they are saying that they are the town centre as opposed to where the original town centre was. How do you frame that?

**Mr Roberts:** In planning terms, there are clearly defined town-centre boundaries for what is out of town, edge of town and town centre. When I raise the issue with DFP officials, they sometimes get a bit nervous, because in part of the legislation that drafted the small business rate relief scheme, the large retail levy was to ensure that, as far as possible, it was JR free or JR proofed. This will require new thinking. If you look at the options, you will see that if they were to go down the route of looking at a more targeted approach, any investment in a town centre has the biggest multiplier effect. Whenever a business locates in a town centre, there is an automatic multiplier effect, whether that is a solicitor's office, a pub or a restaurant. That is why we would like to see, hopefully, some of the FDI that we will get through corporation tax going towards our town centres.

Some of the big solicitors companies, such as Pinsent Mason and Allen and Overy, are locating in town and city centres, and that is a big plus. We want to see more of that. It would be an important lever in the future. It will require new thinking and new legislation; however, that is what you guys are here to do. You are here to think outside the box and not just say that we cannot do this. We were told by direct rule Ministers that we would never have a small business rate relief scheme. However, it has been introduced and extended twice. We did the empty premises relief, which was very different from the rest of the UK. Now it is being copied in all the other devolved institutions. This institution has led in rates across the UK, and we need to keep on leading.

**The Chairperson (Mr McKay):** What is the lifespan for the schemes in existence and the proposed schemes that you have outlined? Is there a certain point when the economy recovers that those will no longer be necessary? What about how they are funded? Will the Government here continue to fund them, or are there other alternatives, such as the large retailer contribution?

**Mr Roberts:** When this was introduced, it was referred to as a recessionary measure. We believe that it should not be seen just as a recessionary measure. At one point, Northern Ireland was the only part of the UK that did not have a small business rate relief scheme. Those schemes were introduced well before the current recession. Many businesses in many parts of the UK do not even pay rates any more as a result of successive extensions to the small business rate relief scheme. So, we do not see it as just a recessionary measure. Has it helped you in the recession? Of course, it has. I think that it would be very hard for any Finance Minister to suddenly pull the plug on a small business rate relief scheme and for thousands of small businesses to suddenly have to pay 20% more rates if that scheme is pulled. I do not believe that the Finance Minister, unless I have read him wrongly, wants to end the small business rate relief scheme. I think that what he is looking at are new ideas and thinking on how we build upon it, what we got right and what we got wrong. I think that that is certainly fair enough.

As regards where the funding comes from, we will have to see how the pennies fall out of the rates revamp. It might well be something that we look at with regard to the finance. I am conscious of the difficult financial situation that the Executive are in, but we need to see the outcomes of the NICEP review, the outcomes of the rates revamp, and how the rates convergence fund operates. They are three things on which we probably need to see further detail and what comes out the other end. For us, it is about putting solutions on the table and putting out ideas; some may work and some may not. We produced a detailed programme for local government ahead of the local government elections, setting out 80 ideas, including issues on rates, for the 11 new super-councils. They have a big role in this as well. The rates issue cannot be seen in isolation to what our new super-councils will do in the future. It has to complement what they are doing.

**Mr Girvan:** Last night, I had occasion to be at a chamber of trade meeting at which this was very much to the fore. One thing that came out of it was the current policy for town centres where they have been taken over by what are deemed to be charity shops and how prime locations that would be ideal retail locations now contribute nothing towards rates. As a consequence, some traders feel that they are not quite rightly done by on that point. Have you a view on identifying possible ways to overcome that?

**Mr Roberts:** I speak as a former board member of Oxfam Ireland. What I would say is that the people who are the biggest critics of the growth of charity shops are other charities because, in many ways, during the recession when people did not have a lot of money, the growth of these charity shops greatly increased. I would not necessarily say that charging rates on charity shops is the way to go because, in many areas, they are filling useful gaps with regard to vacant and derelict shops. They have a role to play. A few of them may push the boundary with regard to what they sell and how they sell it, but I think that they have a big role to play in town centres.

What we need to see with regard to what the 11 super-councils do is signed-up coordinated vacancy strategies whereby they audit vacant shops, sit down and think about what they will do with them. Will it be more retail? Could it be something that the community could use? Could it be something that they could talk about to another retail chain that they do not have in their town centre? Given that they can now vest empty buildings, they have a useful power. We are keen that they look at town-centre incubator units. Of course, we almost have a good example of that in Church Street in Ballymena, whose enterprise company has established a town-centre enterprise hub. In it, it has two or three very small incubator units for craft-based retailers.
What we want is for them not to be seen as just derelict, empty buildings and for a change in the conversation towards saying, "Look, these are the small businesses and new independent retailers of

the future. What will the Executive and super-councils do to help to facilitate and create those conditions?" We have set ambitious targets in the report for the councils and the Executive to create the conditions for 3,000 new independent retailers by 2020. We have lost about the same number as a result of the recession. We are moving out of it. The good economic data that we got this morning shows that we are moving in the right direction. So, let us be bold. These are ideas that we want hopefully to be fed into the next Programme for Government.

**Mr Girvan:** As regards the revaluation, and that was a point to come out, we understand that we have to raise a certain amount of money from rates, be that £1·1 billion or whatever. It is about how we break that up fairly. I want to tease out your view of that. Another concern is that, because they are deemed town centre properties, the calculation of their rateable value is at a higher rate per square foot than what it would be if they were half a mile outside the town. As a consequence, they feel that there is unfairness in how rates are calculated. Have you any idea of how you could level the playing field in that area?

**Mr Roberts:** That is top of the list of what we have been saying to the Finance Minister. That has to be looked at. It is an inherent unfairness that large multi-billion pound multiple superstores pay less per square foot than a small butcher, chemist or grocer. That has to be top of the list. That is a basic unfairness, and it is a result of its having been so long since the last revaluation. In the last 10 years, you have seen a massive growth in the big UK multiples. We have a planning system that is not fit for purpose and which has allowed the growth of massive, out-of-town retail development to the detriment of our town centres. That has to be addressed. That is the big thing that we will be looking for out of this rates revaluation. I have to say that it is what our members and our colleagues in the town-based chambers of commerce will be looking for as well.

**Mr Girvan:** Another message to come out is this, and it is probably where we see the need for joined-up government. Someone said: "We would have no difficulty in paying our rates if people could find somewhere to park" — if they could actually get into town rather than sit in traffic jams in our small towns. It means: we do not mind paying rates if we have the customers to generate revenue.

**Mr Roberts:** I am conscious that I am in front of the Finance Committee. I hope that the Finance Minister supports the Minister for Regional Development to continue the five-hours-for-a-pound car parking scheme that we lobbied for, which I think —

**Mr Girvan:** You are aware that that issue will now be devolved to councils?

**Mr Roberts:** Yes. One of the reasons why we are keen for that devolution to go ahead is that it puts down a marker to the 11 councils. That is the very least that we would expect the 11 councils to do with their off-street car parks when they get them: to maintain that scheme. Your colleagues in the Regional Development Committee are about to launch an inquiry into how it is transferred. However, it is important that it be transferred, because there is no point in giving councils power over the regeneration of town centres if they do not have some control over car parking.

**Mr Girvan:** Finally, do you feel that the vacant property rating has had a positive or a negative impact on our high street? I have had some indications that developers who own high-street properties have wilfully allowed them to become derelict to avoid having to pay rates on them. As a consequence, if there were people to rent those shops and take advantage of the upturn in the market, they could not avail of that opportunity, even though it might be a prime location.

**Mr Roberts:** Do not get me wrong: we certainly did not campaign for the vacant property rate because we have members who have vacant properties. What we have seen is an abuse of that, where owners tear the roof off or just level a building. You can go into town centres and see big gaps in the high street. Comber is probably the worst example. Just opposite the Supervalu shop, a landlord has basically cut the entire roof off a building, allowing weeds to grow. There needs to be regulation to tighten that up.

Although, in one sense, there are downsides, it also creates incentives for landlords to fill such empty spaces and do deals on rents to fill them. We are seeing more of that, but we need to see a lot more of it. The empty premises relief is a revenue-neutral scheme because, essentially, the first year is covered anyway by the vacant property rate and, if a business that avails of the empty premises relief gets into a second year of trading, it will pay the full whack and that means more income in rates for DFP. We might need to tighten some regulations in the vacant property rate, but in one sense it has created more of an incentive for landlords to fill a space. However, as you say, there has certainly been abuse of it.

**Mr I McCrea:** I do not know whether there is anything else to ask after Paul's questions. I was not surprised to read about the large retailer levy in your paper. I suppose that it is obvious, because you have been consistent about it. I am playing devil's advocate to some extent, but is it just about an anti-out-of-town agenda or is it fair play?

You talked about square footage. The Minister has made his decision, and it is up to those affected by it to present that case, but it is good for us as a Committee to understand whether, and I know your opposition to out-of-town shopping centres and whatnot, it is about those centres or it is about fair play.

**Mr Roberts:** It is fair play. It is not an anti-out-of-town agenda; it is a pro-town-centre one. We would have much preferred that those large retailers that do the right thing and locate in town and city centres would be exempt from the large retail levy, because they add to the retail offering and to footfall. In some of those businesses, and this relates to the earlier point that I made to Paul, they may find that they pay more as an outcome of the revaluation, so they probably have not escaped the large retail levy. However, it is all about levelling the playing field; it is all about ensuring that we achieve the future growth of our town and city centres. That is what we need to focus on and we need to get those dereliction rates down.

In many ways, that is why we are encouraged by the new powers that the 11 councils will have. They could be the change makers in this and that is what we want to see, but it is all about a level playing field. It is surely completely unfair that large Tescos and Asdas and all those big multiples pay less per square foot than a small butcher or chemist in a town centre. That is unfair, and it needs to be addressed. That is the key thing that we will be looking for in this revaluation.

**Mr I McCrea:** Paul touched on derelict or vacant properties and charity shops. My experience in my constituency is that it is not necessarily the charity shops that are complaining, but it is more about getting a balance rather than just offering any vacant property to a charity shop to try to save paying rates. Those shops then start to open up all over the town centre. I have no issue with charity shops whatsoever. As you said, they have played an important role in these difficult economic times when people are at times unable to afford to pay high town centre prices and whatnot. However, how do we get that level playing field and how do we change the mindset? While the rates need to be paid, whether it is a vacant property or not, how do we get a balance that means that it is not just charity shops or something of that level opening on every street corner?

**Mr Roberts:** Every town centre has to have a proper retail development strategy and a comprehensive vacancy strategy. We need to see the 11 new councils sitting down and thinking, after they have done the audit of vacancies in their town or city centre or high street, what they will do with that empty space. How will they fill it? Town centres are not just about retail; they are about hospitality and a vibrant mix of things, so some of that space could be used for arts and culture and some for community use.

Mary Portas is very clear in her report that the key to a successful town centre is getting as many services there as possible, so we could look at government services going into vacant buildings. I would like to see councils being more proactive in engaging with retail chains and saying, "Look, we have this empty unit, this empty store, in our town centre; why not take a look at it? It might be good for you", rather than leaving it to developers, who will do what makes them money. We need to see a big change in all that. Our councils have a big role to play.

Charity shops are part of the mix, and a successful town centre has that mix. For us, it is a matter of moving our town centres on to the idea of being community hubs and living communities. It is about coffee culture, the night-time economy and so on, as reflected in the thinking in the report. Our big concern is that the 11 councils seem to be very process-orientated. Our members are asking them what their policies are, what they will do with their new powers and how they will hit the ground running on 1 April in order to address all the issues that you raised, Ian.

**Mr I McCrea:** The final point in your paper is about the councils consulting businesses on setting rates and whatnot. Any of us who were in local government worked with the Chamber of Commerce or local businesses. I see some sense in what you say, but I also see the flip side, which is that many businesses question what they get for their rates. If you are entering a discussion with businesses that, year on year, question what they get for their rates, it will obviously be in their interests to have a reduction rather than an increase. That goes for anyone in business or, indeed, anyone in a domestic property. Should that be done through the Chambers of Commerce? Obviously, it is difficult for a town centre manager to contact every business owner and shop owner to ask what their view is. How do you see that process working?

**Mr Roberts:** First and foremost, the Chamber of Commerce should be the vehicle to address that consultation. As all members know, the Chamber of Commerce network tends to be very patchy. Some Chambers are very active, but others barely function. In fact, Armagh, as far as I know, does not even have a Chamber of Commerce. Hopefully, that will change. The Chambers have a key role in this, and we address that in the report. At times, we undervalue the contribution that the town- and city-based Chambers make. By and large, they are made up of volunteers. They are not all retailers, but the majority are small businesses. They have a difficult job to do in running their business and their Chamber. We do not value them enough. They will have an important role, but there needs to be a dialogue before councils strike the rates.

In fairness, it has been gratifying to note that the current 26 councils have been tripping over themselves to get to a zero rate increase. In fact, some have a minus rate, which is great. The regional rate has been frozen in real terms. Maybe, in the wider review of rating policy, we can look again at what might work better. We do not know how the 11 councils will work and what further powers they will get in the future. What is the whole future of the regional rate? The regional rate, in one sense, is a throwback to the old days of Stormont. I think that the Minister's announcement of a fundamental review of the rating system is timely. We need to explore and — again, that awful term — think outside the box. There is a lot of international good practice. Let us see what the review says and what it wants to achieve.

**Mr Cree:** I have two points, Glyn, that I want to explore with you. You mentioned the shopping mix. This does not really feature in your report, but surely that is one of our major problems. The damage done in my town, for example, by poor planning over the years allowed estate agents, banks and building societies — all of which I call non-retail — to kill the shopping mix and, therefore, reduce footfall. Surely, we have to try to get a change in planning policy whereby there may even be some sort of priority to encourage specific types of business to return. Have you given any thought to that?

**Mr Roberts:** That is why we put forward in 'Local First' the idea of the creation of retail incubator units whereby councils take over derelict shops and stores and set up little enterprise units for new-start retailers. It is about taking the enterprise centre model, which nearly all of you have in your constituencies, and applying it to a town centre. Ballymena enterprise centre, along with Ballymena Chamber of Commerce, has done exactly that on Church Street. I got a tour of it not so long ago. Correct me if I am wrong, but I think that it has just opened. That is the sort of thing that you can do to get the next generation of retail entrepreneurs into the town centre.

**Mr Cree:** As you know, that has been done in Bangor, but it is a slow process.

**Mr Roberts:** It will not be quick. As you know, I am well aware of the challenges that Bangor town centre faces, but having estate agents and banks is better than having empty shops. I think that the real problem there has been the huge growth of out-of-town shopping, but a joined-up approach has also been lacking. DRD is responsible for transport and car parking, DOE for planning, DSD for core regeneration and DFP for rates. So, quite a lot of the time, we are working across four different Departments to get things done, which is not easy. A lot of those powers are transferring to the new councils. Off-street car parking, planning and regeneration will not require us to scuttle between three Departments; we will talk to the relevant committee chair or the relevant officer in the council. In that sense, I hope that the new council structure will make it easier to get things done, and that is why our focus will be slightly away from this august institution and more on the 11 councils and their policy agenda. The big gap in the 11 super-councils is policy: what they will do with the new powers? That is the big question. They are very focused on getting the committee structure right and so on, which is important, but what will their policy agenda be?

**Mr Cree:** We do not do strategy very well, do we? You mentioned the local enterprise agencies. Do you not think that most have become simply landlords? They have lost their initial drive and certainly do not have the turnover in their businesses that was anticipated in the beginning.

**Mr Roberts:** We do not represent enterprise centres. Very few of our customers are in enterprise centres because they do not tend to be retail as such. The councils with the vesting powers could take over and convert derelict shops and units in the same way as has been done in Ballymena by the enterprise company and ensure that we get that next generation of entrepreneurs. We can create the conditions there and work with FE colleges to ensure that the skill set is there. As I said earlier, we need to see all the derelict buildings in our town centres as the new businesses of tomorrow, and not just the new independent retailers of tomorrow but the new restaurants of tomorrow. Members know that our office is in Ballyhackamore, which, three or four years ago, had a vacancy rate of 25%. Now, it has virtually a 0% vacancy rate because traders got together — a Committee member also helped to contribute to that figure of 0% — and formed a strong, creative group in which everyone worked together, not just in retail but in hospitality, churches, the community and so on. They have turned Ballyhackamore —

**Mr Cree:** Was it a self-help organisation?

**Mr Roberts:** The key to this is having a strong network of traders' groups and the Chamber of Commerce. That is why we have been doing our level best to try to support the Chambers. A lot of them do not get much help. They are volunteers, but, when traders work together and have an approach that brings solutions to councils and politicians, we see real results. I have seen that over 14 years of working for the Federation of Small Businesses (FSB) and for NIIRTA. My guys are world-class complainers, but they are not too good at bringing solutions. That is where I hope that we, as the representative organisation, can be seen as an organisation that is bringing solutions and ideas. They may or may not work, but at least we are putting forward ideas. We need more support for the town-based Chambers. Of course, their members will be in the front line of change when the new 11 councils take power.

**Mr Cree:** I have one last point. There is a comment in your paper on the large retailer levy. You say that there will be "no significant impact" on them because of the business rate relief scheme. Do you have any evidence to support that?

**Mr Roberts:** Unless I am mistaken, I am not aware that any of the stores under that scheme have closed. We still see the continual growth of the main multiple grocery retailers. Although they complain bitterly about it, not many, if any, have closed. We wanted it to be a lot fairer for multiple retailers that locate in town centres. That is where we want them to be because that is where they can bring the most benefit and where they help retail and footfall. That was not to be, but we would like it to be revisited. It may well be revisited as part of the outcome of the revamp, and I hope that it is, because this goes back to the need for a level playing field.

**Mr D Bradley:** Morning, Glyn, and thanks very much for the presentation. Some of my points have been covered. I want to ask about the rural rate relief scheme. Does that generally reflect the existing small business scheme, or is it in any way adjusted or tailored?

**Mr Roberts:** We are putting down a marker. I will be the first to admit that we have been preoccupied with towns and cities, and we tend to forget about our villages. Village development is, unless I am mistaken, a responsibility of DARD. That makes it even more complicated: that is a fifth Department. We wanted NICEP and DFP to look at this, because independent retailers in villages are the community hub. Our members see themselves as community entrepreneurs providing a community service. When one closes, it has an impact in rural areas, far more so than in an urban area. It is about how we protect our members — the community hubs — and enhance village centres.

As we approach the two elections next year, we will develop new ideas about how we get village development right. That has been a gap in our thinking and something that we have not developed. So, it is really about putting a marker down to see how we can get village development right as well. When talking to the new 11 councils, I find that they have no strategy for villages. A lot of villages do not have traders' groups as such because they have only small clusters of traders. So, at times, their voice is not heard in councils and, indeed, up here, and we have to look at ways to make sure that they have a voice there. One of the things that brought this home to me was the ATM robberies, which, sadly, have come back to haunt us again. When an ATM is closed or removed, that has a big impact, particularly in rural areas. It causes inconvenience to the community and, of course, affects where people spend. The bank closure programme, which, in one sense, you can understand, given the growth of online banking, also has an impact in rural areas. You all have in your constituency banks that have closed in recent years. We want to start a wider debate and widen the focus to consider how we can develop our villages and the retail potential in them. It is a different proposition from towns and cities.

**Mr D Bradley:** One of the biggest threats to the town centres, villages and all retailers is online shopping. I know that it is not directly related to the rates issue, but it is indirectly linked. You cannot stop it in any way, but do you have any strategies for ensuring that town centre traders can gain as much as possible from it?

**Mr Roberts:** I think that there has been a big change in how our members view online shopping. They used to view it as a threat; now, many see it as an opportunity. Our report refers to the need to develop the digital high street, which is, essentially, existing retail businesses still having well-run shops but also doing 20% or 30% of their sales online, using social media to market better what they do. There are lots of really good examples on Twitter of how they can market their products.

We have also set a target of every town centre having its own promotional app. Magherafelt was the first town centre in Northern Ireland to have an app, which is not just for retail but gives bus timetables, cinema times and so on. We want town centres to do more of that kind of thing: free Wi-Fi, the next generation of broadband and so on. I think that there has been a sea change in thinking among independent retailers about being online. It is about seeing online as an opportunity, not a threat.

Obviously, the Amazons of the world will always be there, and the big multiples are doing more and more home deliveries. What we have to do is create a next generation town centre that makes shopping fun so that people look forward to it and will go again. There is nothing fun about pushing a trolley around Tesco, but there is something fun about a vibrant town centre that has a good mix of retail and hospitality and has a real buzz. We need to put the social into shopping. If we can create those incentives, that will counter, to some degree, the big online threat. However, online is here, and our members cannot simply say, "Stop the world and let me off". They have to embrace that agenda, and I think that many have.

We need the new councils to implement the concept of the digital high street. Of course, in a very short time, we will not be using money; we will be using apps on our phones. There is a PayPal app already. That is the direction of travel, and our guys need to be part of that.

**Mr D Bradley:** I notice that many companies are using social media and so on to promote their business and products. Have you any indication of the extent to which local retailers are doing business online? You said about 30%.

**Mr Roberts:** There are case studies of retailers with a well-established shop doing maybe 20% or 30% of their sales online. Obviously, some retailers cannot sell online, but they can market online. We are seeing major growth in both. Shopping patterns are changing, in that the big weekly or fortnightly shop is in decline. People now shop for two or three days at a time. That also opens up a lot of opportunities for independent retailers to position themselves ahead of the curve. If they cannot sell online, they can certainly market online. That is why we have said that every independent retailer has to be an expert in social media, whether it is Twitter or Facebook. Increasingly, Twitter is the main one. We see butchers tweeting when they have a new brand of sausage, and they should continue to do that. People live on their mobiles now. Our mobiles are not just phones; they are mobile computers. People buy, sell and live more and more of their daily life through their mobile phone, not their laptop. That is why our guys need to position themselves ahead of that curve.

**Mr D Bradley:** Is there enough support? People are not always au fait with the trends in technology and so on. Is there enough support to ensure that they get in on the act?

**Mr Roberts:** We have been in dialogue with Invest Northern Ireland about that. It works with lots of businesses on their marketing strategy, so Invest is looking at it. The start-up business programme will transfer from Invest to the 11 councils, so they will be able to contribute to that agenda. Of course, the relationship with their local FE college is also critical because it needs to ensure that it puts on the relevant courses, not just for the owner/manager but for the staff. The relationship between local businesses and their FE college is key because they have to drive the courses and the skill set that their local college offers. A lot of colleges provide online training.

The reality is that retail has changed, and, if retailers do not change, adapt and look for new ways to reach customers and markets, quite simply, they will no longer exist. No one owes our members a living; they have to change and adapt. Quite often in my job, people say that it is all about looking to the past and the corner shop. It is not; it is about looking to the future. It is about 21st-century retailing and 21st-century town centres. Retail is constantly evolving. There is a constant process of change and innovation, and our members have to keep pace with that change.

**The Chairperson (Mr McKay):** Further to a couple of Dominic's points, my concern is that small independent retailers are not really in the running when it comes to online shopping. That is the elephant in the room. Also, increasingly, when people want to buy furniture and big purchases totalling £300, £400 or £500, they will go on to Gumtree or the Facebook pages for Ballymena or Coleraine as opposed to going into the town centre or even to some of the larger retailers. Is that a concern? With the economic downturn, people are looking for cheaper alternatives. They are buying and selling to each other, and that is another market that has opened up.

**Mr Roberts:** Obviously, there is not a lot that we can do about Gumtree and things like that. Do not get me wrong, Chair, we have a long way to go to get our members to change. We are only at the start, but we are moving in the right direction. However, it is about constantly putting out that message to ensure that they use online and social media. It is also about keeping pace with where consumers are. If consumers want to buy and sell on Gumtree or any of the other online sites, there is not a lot that they can do. However, it is about ensuring that, for example, the independent furniture shops that remain are online, are using social media and are getting out there and talking to consumers. I do not underestimate the task. It is a big task to get independent retailers to go online.

Of course, not all independent retailers can sell online. However, as I said to Dominic, they can certainly market online. It costs zero to be on Twitter. That is why every independent retailer needs to be an expert in social media, and they need to ensure that their products and services are out there. That is where app technology comes in, so we have set targets for every town centre to have its own promotional app; to ensure that the concept of the digital high street is there; and to ensure that there is free Wi-Fi. Increasingly, cafes and restaurants lose out if they do not have free Wi-Fi because people sit there with their iPad over a coffee, and, quite often, people shop on their iPads at the same time. It is about all of those things. We are making progress, certainly on things like Wi-Fi, but it is a hell of a job to keep up with technological change. In two or three years' time, we will not be carrying around wallets or even credit or debit cards. We will use the apps on our phone. PayPal already has an app, and it will be a matter of simply scanning it. Fingerprint technology is also evolving. We need a radical new vision of town centres as fun places that you want to revisit. It is about putting social into shopping and ensuring that town centres are fun places, as opposed to pushing a big trolley round a very crowded supermarket.

In one sense, the retail trend is moving towards independents rather than multiples, and that is why you see Tesco building the smaller format of stores as opposed to the big boxes — they see the way that shopping trends are going. Every good retailer worth their salt will spot where the trend is going.

**The Chairperson (Mr McKay):** Is it a question of risk? If a small or medium-sized retailer wants to set up an online presence, or some form of click-and-collect business, what kind of investment is involved? Obviously it is a no-brainer for larger organisations with larger profits. Is it the fact that small businesses have to invest so much time and money in it and they do not want to take that risk, given that their overheads are already stretched? Is it a question of how government can look at that problem and solve it?

**Mr Roberts:** It is; that is a very fair point, Chair. If you have a shop with only three or four employees, you are burdened down with red tape and paperwork. You, the owner/manager, have no human resources department, so you have to do everything yourself, and then you have to do the online stuff as well. So there is a big challenge there, and we do not underestimate it. Again, this lies with super-councils. I do not want to pass all this stuff on to them, but the most important relationships that these new 11 councils need to cultivate are with their local FE college and chamber of commerce. They can put in place relevant courses to train owner/managers and staff as best they can. However, it is a big task and a lot of change.

In one sense, the biggest change that we need to see is not in legislation or policy, but in the mindset of our members who must make that leap. The good thing about our six FE colleges is that they are very proactive in listening, adapting and changing to what local business wants. I am a governor of the South Eastern Regional College (SERC). I see that in terms of the courses that SERC provides, because it is constantly adapting and listening to what local businesses, particularly local small businesses, want. I have heard of other courses in social media that have been set up but have had a very poor attendance. At times, independent retailers can be their own worst enemy if they do not listen, adapt, change or avail themselves of those things. We have an education process to drive that change ourselves. I think that we are getting there; it is uphill, but we are going in the right direction.

**Ms Boyle:** Thank you, Glyn. I apologise that I missed the beginning of your presentation. It is never easy to get from Strabane to Ballygawley.

A lot of my questions have been asked, and the Deputy Chairperson raised the issue of the rural retail rate relief scheme and what you envisage that would look like and whether it would look something similar to the town centre relief, which is a 25% reduction. I suppose that it is a mix. I do not really have a question, as opposed to making an observation, and you have just alluded to it: it is the situation that village retailers find themselves in at the minute. It is all part of the mixture of rates, technology and the competitiveness of the market now, with Internet shopping and all the rest.

Obviously, you know the area that I represent. We have our own issues in Strabane that you are well aware of, Glyn. There are many reasons for the demise of village life and businesses in a village. Thankfully, we still have a lot of businesses, like veterinary services, agriculture, greengrocers and butchers, in our villages right across the North. You are well aware of the issues that they face, and rates is one of them.

Rural broadband is a big, massive issue in my area. It is very difficult for people to train up and get their mindsets changed because they do not have the infrastructure in that area. So there is a massive gap there, in the areas that I represent. You spoke about the help that is out there now, through councils and chambers of commerce, which assist retailers to get to know what is out there in the world of media — the likes of Facebook, Twitter and all that there. My local council did a piece of information and a programme for retailers. However, how do you change the mindset of the man who has owned the agriculture shop in the village, and it has been his family's business for generations? His sons and daughters have grown up and gone to college and work elsewhere. He is trying to maintain a business in that village, but does not have the infrastructure around him to do it. How do you maintain that?

**Mr Roberts:** Rural infrastructure is key to that. Such areas are not often served by regular bus routes; there is little in the way of trains; and roads need upgrading. It is part of a wider picture and a wider question that we as an organisation will be looking at: how do we get effective village regeneration? In one sense, DARD has a key role to play in that, but at times, a lot of those villages, as I said earlier, do not have their own traders' group. So it is very much —

**Ms Boyle:** They are not involved in chambers or —

**Mr Roberts:** Yes. The bulk of the chambers that we have are town or city centre-based, and they tend not to take in some of the smaller towns. We have to ask how we get the voice of those retailers there. How do we ensure things like ATM provision are maintained? How do we ensure that we can maintain that local butcher and grocer, who are so important not just to the local economy or jobs but the local community as well? It is about looking at all those things.

We really wanted to put down a marker on this, and it is as much a marker for us. We hope to prepare our own programme for government in advance of the 2016 Assembly election, and we will be looking at this area. We will be developing new ideas and listening to our members. The views on this of our members in those villages are key. We may be guilty of not doing as much as we should, but we will hopefully bring a lot more ideas about that. At the very least, it would be interesting to see and we are very keen to see the rates issue addressed in the short term. Given the important community role that our members play, particularly in villages, we could, at the very least, look at putting forward a similar rates scheme as we did for town centres. Of course, it may be that the outcome of this small business rates relief scheme is not a targeted approach; they may continue as they are, with maybe a slight extension. We have a lot more detail to get across, and once we have it I am happy to come back to you.

**Ms Boyle:** The message that I was trying to give is that rates are a massive issue in towns and villages, but there is also a wider issue around infrastructure and changing the mindset of businesses.

**Mr Roberts:** Yes.

**The Chairperson (Mr McKay):** Glyn, thanks very much again.

**Mr Roberts:** Chair, thank you very much.