

PERFECT STORM

COST OF DOING BUSINESS ACTION PLAN

INTRODUCTION

First and foremost, we support the need to help struggling households in the current cost of living crisis. But government must also recognise that the cost of doing business crisis is placing jobs and businesses at risk and adding to the high inflation rate. It is vital that government help protect the jobs and businesses that make up the economic infrastructure of the Northern Ireland economy and recognise the important role businesses play in supporting working families during this crisis and its vital role in the recovery process.



Together, we represent tens of thousands of businesses in Northern Ireland's economy. They contribute billions of pounds to the local economy and sustain hundreds of thousands of jobs across every local village, town and city.

All sectors are facing the perfect storm of cost of doing business crisis. Rampant increases in the cost of energy, paying the highest business rates in the UK, National Insurance increases, labour shortages and inflation are all putting thousands of high street businesses at risk. We need action from Government NOW!

Neither the retail or hospitality sectors have recovered from the economic devastation of the Pandemic, and they are now faced with an even more challenging fiscal crisis, with consumer confidence falling, driven by high inflation and the largest ever drop in household disposal income (Down 32.3% to £93.50 /week versus UK average £204 / week).

We urgently need immediate and co-ordinated action from all levels of Government to help save small businesses and jobs before long lasting and irreparable damage is done to the Northern Ireland economy.

We commend this action plan to you.



UK GOVERNMENT ACTION POINTS

- An immediate reversal of the National Insurance hike. This was without doubt a poorly timed decision and was the wrong tax increase at the wrong time.
- A UK wide reform of the business rates system to ensure on-line and out of town businesses are paying the same rate as high street businesses. Reducing the high street burden and passing on the on-line tax income to the devolved nations to support a rates reduction.
- Support the devolved nations to reduce business rates by providing increased financial support through the block grants.
- Reduction in the standard VAT rate to 17% to encourage hard pressed households to spend more with local high street businesses
- Reinstate the reduced Tourism / Hospitality VAT rate to support businesses that rely on household discretionary disposable income and tourism spend. The VAT increase back to 20% resulted in a 1.4pt increase in CPI.
- Remove VAT from energy bills to reduce energy costs and support both consumers and businesses.
- Introduce a fuel duty rebate scheme to support the hospitality and retail sector supply chains, which are distortionary impacted by high fuel prices due to multiple SME delivery requirements.
- Ease the labour market shortages by extending the Tier 5 Youth Mobility Scheme to include all EU member states as eligible countries. Allowing eligible persons aged 18 to 30 to work and live in the UK temporarily for a period of up to two years.
- Remove the ban on asylum seekers working while they await their case to be processed. Allowing them to work will ease the labour market shortages and contribute to the economy.
- Encourage the Bank of England to freeze or reduce interest rates as higher rates discourage spending on the high street and disproportionately impact the SME retail and hospitality sector and people with lower incomes.

NI EXECUTIVE ACTION POINTS

- Restoration of the Business Rates Holiday which concluded in July 2022. This rates holiday should run until April 2023 to direct assist those traders struggling the most.
- A fundamental redesign of the business rates system, based on fairness and affordability.
- Immediate reform of the Rates Hardship Fund to direct assist businesses who are struggling with excessive costs.
- The Northern Ireland Executive to establish a Rural Town and Village Infrastructure Investment Fund to ensure our small and mid-sized towns and villages are supported during this economic crisis.
- Implementation of the NI High Street Taskforce Report, particularly its central proposal of a Five-year High-Street reconstruction plan.
- The NI Executive to work in partnership with the retail and hospitality sector bodies to ensure a continuous focus on saving jobs and businesses throughout this crisis.
- A strengthening of the 'Town Centre first' planning policy, underpinned by an immediate five-year moratorium on major out of town retail and mixed-use development to alleviate the pressure on our town centres and high streets.
- Capital grants to assist hospitality and retail businesses install sources of renewable energy, supporting the target of net zero carbon and reducing the cost of energy for the business.