



Russell George AM, Chair of the Economy, Infrastructure and Skills Committee

The National Assembly for Wales
Cardiff
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Dear Chair

Thank you for inviting the Welsh Retail Consortium to your recent business breakfast held on 5th October. The WRC applauds the approach taken by the Committee in terms of engaging with business and in providing us with the opportunity to feed into your activity and scrutiny. Following the breakfast meeting, and your session with the Cabinet Secretary for Finance and Local Government, I would like to highlight our key recommendations in relation to business rates in Wales.

We welcomed the commitment given by the Cabinet Secretary in relation to possible reform of business rates which could potentially see the system overhauled. Wales has a real opportunity to take the lead in addressing the issue of an outdated system which penalises investment in bricks and mortar. We note that Scotland is currently leading on the Barclay Review which is looking at NDR reform, and that a formal review took place in Northern Ireland earlier this year. The WRC and our members firmly believe that reform in Wales should be brought forward with a sense of urgency. Whilst we welcome the commitment by the Cabinet Secretary we do feel there is a lack of expediency and we feel that this should be addressed in your recommendations.

As highlighted, retailers are keen to see fundamental reform of Wales's annual business rates system in order to support investment, business growth and revive our high streets where 1 out of every 8 premises is vacant. We ask that the WRC is involved in how any fundamental reform can be implemented given that the retail industry in Wales pays 21% of all business rates revenue.

A reformed rates system which flexes with economic and trading conditions and leads to a substantially lower tax burden would increase retailers' confidence about investing in new and refurbished shop premises and help revive high streets and town centres. As is recognised by businesses of all sizes, business rates are an anachronistic and outdated system for the current digital age, which disproportionately affect bricks and mortar stores which typically contribute directly to their local area via employment and community-based initiatives.

Fundamentally, it is our belief that the overarching recommendation to the Cabinet Secretary should be to bring forward the potential for fundamental business rates reform sooner than has been suggested. An expedient approach would have benefit to all those who pay into the rates system and would provide greater certainty around the future policy direction at a time when the retail industry is undergoing transformational change.

Sincerely

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