

FSB Northern Ireland Local Government Manifesto 2019



**What can your Council do for
small business?**



About FSB

As experts in business, FSB offers our members a wide range of vital business services, including advice, financial expertise, support, and a powerful voice in government. Our sole aim is to help small businesses to achieve their ambitions.

FSB has grown since our founding in 1974 into the UK's leading business organisation. Our mission is to create the best environment for businesses to start up and thrive; our success will drive the economy and create jobs.

We are member-led, so that we authoritatively protect and champion the interests of our members and the entire small business sector. We represent every industry sector of the economy, with nearly 170,000 members across the UK.

In Northern Ireland, our 6,000 members comprise owners of small and medium-sized enterprises (SMEs), as well as self-employed people, with many of them owning multiple enterprises. Proud of our independence, we ensure the voice of small business is heard by decision-makers at every level of government.

We support our members directly through the provision of a range of market-leading benefits and advisory services including employment law, taxation and finance. In lobbying to change policy, we improve the operating environment for small businesses by proposing practical solutions to the problems they face.

Foreword

Ask not what small businesses can do for your Council; Ask what your Council can do for small business

It is a simple truth that businesses cannot vote at elections; however, the people within them can. Small businesses are anchored in local communities, and their owners and employees are directly affected by the decision-making of their local Councils – whether that be on planning, procurement, delivery of local services, or non-domestic rates. Therefore, collectively, the people involved in these businesses have a great stake in their local area, and a large vote available to use in local government elections.

FSB research shows that micro, small and medium-sized businesses – SMEs – employ more people in Northern Ireland than all large businesses and the entire public sector *combined*. As such, they are the bedrock of all communities, with jobs dispersed across every Council area, providing employment, services and goods locally, and acting as the cement that bonds their communities together. Given that vital role, **FSB is urging all those standing for election to Council this year to pledge to put SMEs first and constantly ask *what their Council can do for small business*.**

It is easy for government to fall into the trap of loading ever-increasing burdens on to businesses, mistakenly assuming that they can always find the means to respond. It is far too easy to treat businesses as sources of funds by increasing their rates; to charge over the odds for waste management and other chargeable services; and to expect them to deliver all sorts of Council policy objectives. But all of this risks damaging, sometimes to the point of destruction, those employers that are the very fabric of local communities.

We recognise that there are financial restraints on Councils, so we are not calling for costly interventions to assist business. However, in the spirit of asking what Councils can do for business, we are urging elected members and their officials to use their resources and endeavours to remove barriers so that doing business can be made easier; to consider how things might be done differently and better to support SMEs; and to put real effort into growing the business base right across Northern Ireland.

Examples of simple but beneficial changes include:

- **Operating a procurement policy that recognises and responds to the opportunities to use local SMEs**

Councils are major procurers of goods and services, so ongoing efforts should be made to support local businesses to understand the procurement process and encourage them to bid, including giving them feedback if they are unsuccessful. Local procurement should be a key plank of local economic development - entwined not estranged, as so often seems to be the case.

- **Paying invoices promptly, with a target to pay 100% within 10 days**

No Council in Northern Ireland has a perfect record in paying all of its suppliers on time, whilst the performance of several is very poor. Late payment does not improve a Council's liquidity, so there is no benefit in allowing it to happen. However, late payment runs the risk of driving small firms into insolvency or causing other instability. This is unacceptable and unnecessary and must be addressed as a priority.

- **Considering the impact of the delivery of Council services on others**

An example of a modest change that could be made with minimal financial cost but substantial benefits for productivity in the wider population would be to deploy waste collection lorries outside of the standard rush hours. At present, some Councils' waste lorries unnecessarily impede commuters, workers and customers who are trying to get to their business - risking the safety of operators and other road users. Conversely, some Councils put business needs first by adopting 'route optimisation technologies': sharing of this sort of best practice could help overcome the problem across all Council areas and this sort of innovative approach must become widespread.

There are many more examples of things that Councils could do for small business but, in essence, FSB is calling on Councillors to ensure their Councils execute their powers in a pro-business manner - to make it easier for small businesses to thrive in their area by removing barriers, enhancing engagement and encouraging entrepreneurship. Councillors should consider how their Council can engage with business owners; how they can use their powers to make doing business easier; how they can champion the contributions of small businesses in their area; and how they can shape the Council's work to achieve better outcomes for their local SMEs and their employees.

FSB stands ready to work with all Councils and Councillors to help them to put small business first. There are already many examples of Councils demonstrating good practice; these should be replicated to allow for benchmarking and performance comparison and to ensure consistency of provision. But there are also other key areas where more needs to be done, and these are highlighted in this manifesto.

As the Brexit process unfolds, and the Assembly remains stalled, it is likely that distribution of powers between various layers of government will continue to ebb and flow. There may be opportunity for some beneficial transfer of responsibilities to make service delivery more efficient and effective. Once the election is past, FSB will engage with newly-elected and freshly-returned Councillors alike to consider all of the issues in this manifesto and help answer the question: ***What can your Council do for small business?*** We look forward to that positive engagement.

Brendan Kearney
FSB NI Region Group Chair

Tina McKenzie
FSB NI Policy Chair

Small businesses by Local Government District (LGD)

Across Northern Ireland, small and medium-sized businesses (SMEs: firms with fewer than 250 employees) make up 99.9% of the private sector economy, contribute over 70% of Northern Ireland's GVA (in terms of turnover), and employ 75% of the private sector workforce. Together, they employ more people than the entire public sector and all large firms put together.

Small businesses dominate the economy and employment profile of all Council areas. The tables below provide information on the number of small businesses in each Local Government District, using data gathered by NISRA.

Table 1 shows the total number of micro, small and medium-sized businesses in each Council area in both 2016 and 2017, together with the number of new businesses that registered between 2016 and 2017 (business births). The birth rate of new firms in Northern Ireland is lower than nearly every other region of the UK¹, so it is important that entrepreneurship is encouraged and nurtured.

Table 2 shows the SME population in Northern Ireland in 2017 by Local Government District and size, from which we can clearly see that the majority of firms in each Local Government District are micro-firms, with fewer than 10 employees.

Table 1: SME population in Northern Ireland by Local Government District

Firms with fewer than 250 employees in a given year	2016	2017	Business births 2017 ²	Birth rate %
Council				
Antrim and Newtownabbey	3885	4000	370	9.5
Ards and North Down	4445	4540	500	11.2
Armagh City, Banbridge and Craigavon	8075	8250	740	9.2
Belfast	9965	10170	1,315	13.2
Causeway Coast and Glens	5650	5750	530	9.4
Derry City and Strabane	4810	4925	490	10.2
Fermanagh and Omagh	7680	7775	540	7.0
Lisburn and Castlereagh	4515	4615	475	10.5
Mid and East Antrim	4655	4720	400	8.6
Mid Ulster	8230	8495	665	8.1
Newry, Mourne and Down	7855	8100	830	10.6

¹ Start-ups rates are much lower in Northern Ireland than in the UK at 27 per 10,000 of population compared to a UK average of 50, according to the NI Local Growth Dashboard produced by the Enterprise Research Centre (ERC) and QUB, November 2017

² The difference in numbers between 2016 and 2017 includes not only new business births, but also deregistrations, and therefore does not equate to the figure in the third column

Table 2: SME population in Northern Ireland in 2017 by Local Government District and size

Council	Micro	Small	Medium
Antrim and Newtownabbey	3400	500	100
Ards and North Down	4005	470	65
Armagh City, Banbridge and Craigavon	7410	715	125
Belfast	8060	1680	430
Causeway Coast and Glens	5220	465	65
Derry City and Strabane	4365	485	75
Fermanagh and Omagh	7280	435	60
Lisburn and Castlereagh	3985	535	95
Mid and East Antrim	4235	420	65
Mid Ulster	7755	625	115
Newry, Mourne and Down	7335	670	95

Note: These tables include only those businesses which are registered for VAT or PAYE, and therefore do not include most self-employed people, sole business owners, or some micro businesses. The number of businesses in each district is therefore considerably higher.

For reference, firm size is defined as follows:

Micro:	1 – 9 employees
Small:	10 – 49 employees
Medium:	50 – 249 employees
Large:	250+employees



Planning

Planning is integral to economic development and small business growth in Northern Ireland, playing an intrinsic role in delivering investment and creating jobs through ensuring that appropriate opportunities for development are taken forward.

However, obtaining planning permission is consistently identified by our members as a major barrier to their business development, whether permission is sought for change of use, improvements to premises, the creation of storage facilities, or new building. When asked, small businesses indicate they encounter slow decision making processes with little appreciation of the needs of enterprise³.

Councils must ensure that their planning processes are smooth, clear, timely, and efficient, offering good value for money. We need a robust, business-friendly system which reflects the flexibility and speed-led decision making of small businesses.

Performance against targets

Information on recent performance against legislative targets, available from the Department for Infrastructure, shows that:

- Only five of the 11 Councils met the 15 week target during the first six months of 2018/19. However, the processing time for local applications was more than 23 weeks in at least one Council⁴.
- The average processing time for major planning applications in the same period was almost double the statutory processing time target of 30 weeks, at 58 weeks across all Councils⁵.

FSB recommends that Councils should:

- Ensure that their approach is consistently small-business friendly, and that businesses are not disadvantaged by differing approaches across Councils
- Ensure that applications and appeals are processed efficiently and effectively, and that resources (including staffing) are sufficient to do so
- Ensure that applicants are kept fully informed at every stage of the process, including the reasons for delays (e.g. the need for consultation and/or additional information)
- Monitor and publish application process times on an annual basis
- Conduct and publish an interim review, to include:
 - A review of internal Council planning processes to determine their effectiveness and efficiency since powers were transferred
 - Views of constituents who have used the planning process, including small businesses.

³ See The NI Planning System: The Small Business View, FSB NI, 2015.

⁴ <https://www.infrastructure-ni.gov.uk/news/publication-northern-ireland-planning-statistics-second-quarter-201819-statistical-bulletin>

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Community Planning

Community planning partnerships enable Councils to work with the full range of other sectors present in the Council area, including public bodies, businesses, and community and voluntary organisations.

This encourages partners to link the delivery of services in districts, through a joined-up approach to meeting the needs and aspirations of local communities.

Having published their community plans, Councils are expected to consult and co-operate with all bodies responsible for providing public services in the district. They are also expected to engage with the community and other bodies and individuals in planning the provision of public services.

FSB recommends that Councils should:

- Prioritise “Small Business” in Community Planning strategies and initiatives
- Encourage and include small businesses when consulting on community planning issues and proposals.



Procurement and Prompt Payment

The public sector is an important customer for many small businesses, and a potential customer for many more. In Northern Ireland, public authorities spend around £3billion a year on buying goods, services and expertise.

By using local suppliers, local government buyers can expect better value for money, better quality of service and more innovative and punctual completion of contracts. Awarding tenders to small firms can increase local supply chain capacity and put small and micro-businesses on the journey towards becoming medium-sized firms that are locally anchored and globally competitive.

However, evidence from FSB members suggests that SMEs encounter significant barriers in tendering for public sector contracts. Small businesses are not always given a fair chance to compete against larger businesses, and may not be aware of ways in which they can maximise their chances of winning public sector contracts.

Procurement processes should be designed with SMEs in mind, and enable local micro and small businesses to access public procurement opportunities.

FSB recommends that Councils should:

- Ensure tendering eligibility criteria do not disadvantage SMEs, by reviewing standard eligibility requirements such as level of insurance cover, length of trading history or the minimum years of accounting history
- Make fair treatment of sub-contractors by main contractors a requirement, undertaking investigative and audit measures to ensure compliance
- Source locally: set an annual target to increase procurement spend with smaller local firms, and work with local businesses to improve their ability to tender.

Prompt Payment

Poor payments practice is stifling local firms. The single largest obstacle to survival and growth for small businesses in Northern Ireland is maintaining their cash flow and getting paid on time, potentially inhibiting growth and development and, at worst, threatening firm survival. Unpaid invoices can result in a small firm finding itself unable to pay its own suppliers or staff, or settle essential service bills, such as utilities.

In 2016/17, Councils processed over 300,000 invoices with an approximate value of £609m. Only 48% were processed within the 10 working day target, and only 83% within 30 calendar days.

FSB recommends that Councils should:

- End late payment by ensuring invoices are settled within ten days of receipt
- Ensure sub-contractors are also on fair payment terms from main contractors
- Monitor and publish the size of firms to which contracts are awarded
- Monitor and publish sub-contractor payment rates, ensure they are also fair, and use Project Bank Accounts where appropriate.

Broadband and Telecoms

Aside from the commercial advantages of being connected, more and more government business is being conducted via digital interfaces, including for example, business tax returns. It is therefore essential that all businesses in every Council area are able to undertake these functions successfully by getting online.

There are still many reports of ‘not-spots’ for mobile coverage, and low broadband speeds; 40,000 Northern Ireland premises still cannot access minimum required download speeds⁶. While ‘Project Stratum’ is expected to address Universal Service Obligations (USOs), Councils have a role to play in holding relevant authorities to account, ensuring that agreed central government funding is expended in good time, across their areas. City Deal funds may also be available for work to connect local places in cities and to subsidise local solutions to target mobile coverage ‘not-spots’.

FSB recommends that Councils should:

- Ensure they themselves are fully connected and setting an example, using digital interfaces for requests, payments, applying for licences, planning and for publishing data
- Ensure close working links with bodies such as Ofcom and the Department for the Economy to make best use of resources while ensuring no duplication of efforts
- Ensure they are aware of premises in their LGD that cannot access USO speeds, making owners aware of their options to use broadband grants.

Parking

While encouraging the use of low-carbon transport systems and public transport is extremely important, high streets remain dependent on customers accessing their goods and services by travelling to town centres by car.

It remains important, therefore, that town centres and high streets have low-cost and accessible provision for parking, both for customers’ transport and for other businesses providing services such as delivery, window cleaning or sign-servicing.

FSB recommends that Councils should:

- Identify specific powers that could be transferred from Stormont departments to allow Councils to ensure parking provision and enforcement is responsive to the needs of local businesses, especially in respect of town centre regeneration and vitality
- Ensure that small businesses can make and receive deliveries
- Enable business access for works, repairs, cleaning, sign-servicing etc – possibly developing short-term / daily permit systems
- Ensure customers can easily access businesses and retail outlets.

⁶ Ofcom annual scorecard.

City Deals

With over 6,000 members in all sectors across Northern Ireland, FSB has consistently advocated for City Deals. We welcome recent developments for Belfast City Council and partners, on behalf of members and the wider community.

Along with £350 million of Treasury investment, as part of the deal, the NI Executive is expected to add at least a further £350 million and Councils will contribute over £100 million. It is vital that these commitments are upheld and that the lack of an Executive is mitigated by Councils and their elected representatives.

It is hoped the deal will create up to 20,000 new and better jobs alongside delivering a 10 year programme of inclusive economic growth – including an increase of £470m Gross Value Added (GVA). While the Derry-Londonderry City Deal is progressing, FSB hopes that lessons can be learned and shared ahead of time, in Northern Ireland and from the UK. Project leaders should also ensure they can effectively measure success from the beginning and throughout the term of the City Deal.

FSB recommends that Councils should:

- Include SMEs at the heart of their planning and implementation teams across all four pillars and 22 projects involved in the Belfast City Deal
- Work together in urging the UK Government to progress the Derry-Londonderry City Deal as a matter of priority
- Ensure a portion of the funding is focused on meeting and exceeding Open Government obligations using Open Data. The City Deal should be a vehicle to implement an Open Data pilot, to use best practice, generate key analysis throughout the project term, and allow SMEs to generate additional enterprise value as in other cities throughout the world.



Economic Development and Business Support

Councils must put small businesses at the heart of the economy by recognising how they generate wealth, create jobs and support communities.

FSB research shows increased use of business advice leads to improved productivity in SMEs. Therefore, a business support environment focused on accessibility and delivery will help to unlock the potential of small businesses and drive growth in local economies.

FSB members want to see more support and investment for small businesses, rather than just large FDI companies. They need to be able to have clear access to advice, funding and support services which is consistent across Council areas.

Areas identified by FSB members as priority for support include: financial guidance, getting online and ecommerce, marketing, developing and training staff, and access to public procurement. Many Councils provide support in all of these areas and more, including programmes such as 'Go For It', trade missions (export and innovation) and events such as Small Business Saturday.

In considering how best to provide consistent and effective business support, FSB believes there is a need for a powerful, coordinating voice in the form of a Small Business Champion in each Council. This should be someone who will ensure that consideration of small business is at the forefront of local government economic development strategy initiatives, and that SMEs are central in projects from conception to delivery.

The provision of appropriate and relevant skills in the local area is a key economic development task. Councils need to help develop tomorrow's workforce by forging closer links between schools and local businesses, and to ensure that local skills, employability strategies and work streams address local industry and business needs, fully taking account of work being undertaken NI-wide and by government departments in order to avoid duplication.

FSB recommends that Councils should:

- **Appoint a Small Business Champion**, charged with promoting supply chain opportunities, increasing processing efficiency, ensuring local firms get their voice heard on key spending decisions, and ensuring that small businesses' needs are taken into account across all Council services. A Small Business Champion should be appointed from each Economic Development committee in each Council, supported by a senior member of the relevant Economic Development team
- Follow the appointment of a Small Business Champion by growing economic development activity and resources in order to boost business birth rates and decrease business closures – levelling with the UK average, at a minimum
- Provide easily accessible advice and support to small businesses and start-ups that will help them to survive, thrive and grow, ensuring that businesses can access the finance they need, and that all small businesses in the LGD are aware of and have access to support, including rural businesses

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- Develop a Small Business Advice Centre Network as a one stop shop. Staffed by experienced business advisors, they could provide access to information, as well as signposting services to providers of the full range of business support programmes
 - Identify LGD skill needs, then support employability and skills programmes, including helping economically inactive people into work
 - Support Business Improvement Districts; business awards and events, and initiatives such as Small Business Saturday
 - Ensure they act as a best practice role model for family friendly working policies. In the context of evolving labour practices and continued higher levels of economic inactivity in Northern Ireland, the issue of childcare accessibility should be treated as a cross-cutting priority and a key economic driver. Councils should be aware of their areas' childcare provision and gaps, and deliver appropriate initiatives by working with childcare providers and businesses.

Rates

While the main purpose of the rating system is to raise revenue through a tax on business, FSB is of the view that it could and should also be used to pursue economic development objectives wherever possible.

Independent research by DTZ Pinda concluded that rates are a significantly greater burden for smaller trading companies with a turnover of less than £100,000 - usually the third largest expenditure after wages and rent for this size of firm. Given that property rates bills are a disproportionate charge on small businesses, this fixed cost should be alleviated - economic conditions and ability to pay should be taken into account.

The Small Business Rates Relief Scheme in Northern Ireland sends a strong, clear message of the Assembly's recognition of the importance and contribution of the small business sector. It communicates the priority of protecting our economy and our private sector. However, businesses should not just be protected, they should be stimulated to grow.

In 2016, consideration was given to a proposal to give Councils the freedom to separate the business and household district rates, in order to increase local accountability and control, by potentially striking a more favourable non-domestic district rate. This would have enabled Councils to reduce rates bills for small businesses in small properties in their areas and, in this way, provide them with a more proportionate charge.

FSB supports giving Councils the power to grant reliefs to property occupiers in their area, and to strike separate domestic and non-domestic rates, in order to meet stated economic development objectives, such as to attract occupation of property in a town centre, and that this is regularly monitored, evaluated and reviewed.

In the meantime, **FSB recommends that Councils should:**

- Keep the district rate as low as possible and consider which other economic rates incentives could be granted under Council powers
- Publish all rates related information using open data principles.

Tourism

Small businesses are central to bringing a vibrant and unique character to a particular area, which consequently increases the numbers of visitors. They have an essential role to play in increasing the range of facilities available to visitors and, therefore, increasing visitor spend. Much of the innovation in the tourism sector is driven by small businesses and more support is needed to further encourage start-ups and innovation in existing businesses.

Additionally, there is an onus on local government to ensure strategic investment within cultural and leisure attractions. Small businesses, particularly those in the hospitality, retail and services sectors, benefit when visitors are encouraged through a high standard of attractions, events and facilities.

Many good quality small businesses have developed expertise in retaining customers and maximising their yield from them. However, the marketing power of small business is lessened when it comes to competing in a global marketplace. There is a need for the support of local government to maintain and develop community planning and economic development measures which enhance the built and natural environment, providing the kind of public facilities visitors require.

FSB calls for bold thinking and political will to take decisions in areas such as tourism planning and development. There is fierce competition for visitors, both within the UK and internationally, and only by developing its strengths will local tourism deliver upon the potential that clearly exists.

FSB recommends that Councils should:

- Identify long-term sustainable action to enable tourism businesses to operate year round, rather than primarily in summer months
- Ensure that small businesses are not detrimentally impacted by one-off global tourism events but can be supported to benefit from them
- Expand tourism initiatives beyond the key signature projects to the whole of Northern Ireland
- Add value to research and campaigns that seek an adjustment to powers relating to Tourism VAT and Air Passenger Duty.

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Produced by

FSB Northern Ireland
Cathedral Chambers
143 Royal Avenue
Belfast
BT1 1FH

 @fsb_ni

Website: www.fsb.org.uk/ni
Telephone: 028 90326035
Email: fsbni@fsb.org.uk

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