

Small business is critical to the vitality of every Irish town and village. In 11 counties small firms employ 60% of the private sector workforce. Apart from the positive economic impact of small firms, many also play an important role in improving the communities where they operate by supporting a range of social and environmental causes.

Local authorities and candidates in the 2019 elections need to introduce measures to address the continued erosion of our town and villages' competitiveness, while providing additional investment and supports to help local small businesses address the uncertainty of Brexit. The SFA would like to see the following recommendations incorporated within these measures:

- Ensure local authorities are Brexit ready
- Progress on local authority and commercial rates reform
- Framework for Town Centre Renewal to be adopted by all local authorities
- Local authorities to work alongside government to deliver key infrastructure projects including broadband
- Continued support and investment for green initiatives

Competitiveness

- **Brexit**

Brexit will affect each area differently, with the Border areas likely to be most impacted. With increasing competition for inward investment and tourism, it is vital that our local authorities can manage risks and maximise growth opportunities.

Items such as local authority commercial rates, regeneration projects, development contributions and the public realm, can significantly affect a city or county's competitiveness, particularly for small and micro enterprises deciding to locate or grow in an area. In order to proactively mitigate against the worst impacts of Brexit and to gain from any opportunities, local authorities' economic development and tourism sections along with the infrastructure and planning sections must put in place plans to sustain enterprise and tourism during these uncertain times.

Due to rolling Brexit uncertainty, business decisions and planning require certainty. Local authorities should provide this to their rate payers by not increasing rates or adding to the cost of business at this time.

Commercial rates and local government reform

Currently business contributes more than €1.51 million a year to the cost of local government through commercial rates. This is a substantial burden for small companies and must be paid regardless of employment headcount, turnover, loss or profitability. Commercial rates are the

single biggest income source for local authorities, comprising 35 per cent of all local authority income in 2017. We recognise the role played by local authorities in providing essential services, but the rates are too high. Reform is now required to introduce a system that is objective, predictable and uses a fair basis for calculation. Reform of the national revaluation programme, the system that underpins the commercial rates-setting process should also be undertaken.

In the meantime, to support local economies to deliver sustainable jobs and growth to an area, the SFA would like to see local authorities introduce rate alleviation schemes where possible.

The SFA acknowledges the work being done across all local authorities to improve rate collection levels. Nevertheless in 2017, out of the 31 local authorities only six had collection rates at or above 90 per cent. More needs to be done by local authorities and government to develop policies and procedures to improve debt management in the area of commercial rates.

In addition to commercial rates, small businesses and retailers also face other charges such as furniture licences. These charges are costly, cumbersome, regularly not adhered to and impact on the cost competitiveness of an area. As business are the main contributors to local government financing additional fees and charges such as these are seen as a double taxation. In order to reduce additional costs to rate payers such fees should be discontinued.

A fair and balanced approach to local government funding, which sees business pay its share for services it receives primarily on a user pays principle, with the domestic sector treated equivalently and central government making up the balance for broader services is now needed. However, the recent decision to postpone the Local Property Tax review until 2021, means that small firms will continue to fill the gap in local authority funding until lasting reforms are introduced.

Making our town and villages attractive to consumers, visitors and business

- **Public realm**

Local authorities play a leading role in bringing communities together. This is very important when we consider the development of the public realm. A town and village's public realm have a significant impact on the area's attractiveness to consumers, tourists, businesses and investors. Streets, footpaths, parks, squares, bridges, public buildings and other local facilities contribute greatly to the commercial success of our towns and villages. Therefore, it is essential that public spaces are planned, designed and managed to benefit communities and contribute to the long-term success of our local economies.

The SFA strongly recommends that local authorities incorporate the recommendations in the Framework for Town Centre Renewal. The Action Plan, included in the Framework for Town Centre Renewal, provides a structure for collaborative partnerships amongst the business community, other key stakeholders and local authorities to set a town on a sustainable path towards vitality and vibrancy.

- **Enterprise growth**

The development of Local Enterprise Offices (LEOs), nationwide have assisted many small firms and micro businesses to grow and develop since being established in 2014. Nevertheless, feedback from our members shows that not all 31 LEOs provide the same level of service to small businesses. As we navigate these uncertain economic times, greater funding should be allocated to LEOs to ensure they are appropriately resourced. All local authorities need to guarantee that their LEO delivers a level of service that provides supports and investment for small firms and micro businesses that will increase enterprise and deliver sustainable jobs locally.

Infrastructure delivery

- **Development contributions**

The shortage of housing is damaging Ireland's competitiveness. Policy changes at both local and national level are now needed to eliminate our housing and infrastructural deficits. Development contribution schemes¹ are set for each local authority in respect of public infrastructure and facilities provided by, or on behalf of the local authority that benefit development in the area. According to Ibec research, development contribution schemes lack transparency and generally incentivise rural over urban development. The SFA calls for reform of development contributions. Government should conduct a review of development contributions to ensure such charges underpin the desired consistency between the National Planning Framework and local development plans. Such a review should be supported by local authorities and candidates in the 2019 election. The outcome of the review should be reform of the system to increase the affordability of housing.

- **Planning and development**

Local authorities should ensure the implementation of the National Planning Framework, under Project 2040, through the development plan process. Local authorities should ensure that planning decisions, costs and administration do not delay the delivery of key infrastructure projects on time and within budget.

- **Local transport**

Local road and transport links are essential to maintain the competitiveness of our towns and villages. Local authorities need to seek increased funding for local road maintenance, road improvement schemes and improve access to key

local transport links.

- **Broadband**

Poor broadband and mobile coverage are key infrastructure deficits affecting small business nationwide. Local authorities need to collaborate with providers and other key stakeholders to remove obstacles to the rollout of faster broadband and mobile coverage. With so many small firms located in our towns and villages addressing broadband and mobile coverage will help boost an area's competitiveness, productivity and regeneration.

- **Green initiatives**

Small businesses, their employees and customers want to do the right thing for the environment and the Small Firms Association broadly supports recent policy changes and recommendations to increase recycling and reduce single use plastic. However, such policies cost small firms money as all businesses are required to pay for their waste disposal. In order to encourage change, local authorities need to act to improve waste management systems and infrastructure. Segregated street bins would reduce on-the-go littering while increasing recycling rates. Local authorities should also continue to support and invest in educational programmes and to enforce anti-littering laws and EU wastewater legislation.

Conclusion

Across Ireland small businesses are central to our local economies. Local authorities can play an active role in meeting the challenges and opportunities of Brexit by improving productivity and maintaining cost competitiveness within local economies. Local authorities have a responsibility to deliver the future-proofed infrastructure projects under Project 2040 in partnership with government and other key stakeholders, in particular the roll out of broadband which remains a clear, and ongoing competitiveness concern. With the UK due to leave the EU more must be done to secure the survival of small businesses across the country.

The SFA proudly represents a diverse membership of businesses with less than 50 employees, homegrown and spanning every sector of our economy. Our members can be found in every town and every city in Ireland.

More information about the SFA is available at www.sfa.ie or on Twitter @SFA_Irl

1. Under Section 48, Planning and Development Act, 2000, as amended.