

Minutes of the 9th Meeting of the Retail Consultation Forum

Buswell's Hotel, Dublin 2, 11th July 2016

1. Minister's Welcome and Opening Comments

Minister Mitchell O'Connor welcomed members of the Forum to the meeting today and expressed her delight at chairing the Forum. The Minister recognises the key role that the sector plays as the largest private sector employer in the state and understands, from experience, the concerns of the sector.

The Minister acknowledged that Brexit and its potential impact on the Irish economy is a key concern for the retail sector. The Minister outlined to members the Government's position with regard to Brexit and actions that have been taken by the Government to date in response. The Government has adopted an initial Contingency Framework to map out key issues that are most important to Ireland. The Government is committed to working with Britain and other EU partners to ensure the continuation of the important and mutually beneficial economic ties that exist between the UK and Ireland. The Minister chairs a Coordination Group which includes Enterprise Ireland and the IDA.

The Minister acknowledged that the most immediate concern for the retail sector is the fall in the value of sterling and how this might impact on consumer decisions, in particular in areas near the border with Northern Ireland. The Minister committed to working closely with the sector to monitor the impact of Brexit and expressed her confidence that the sector is well placed to react to the currency fluctuations as it has done over the past number of years, and will continue to price itself competitively to the Irish consumer.

The Minister referred to the positive changes in Ireland over the past number of years and noted that recovery in the retail sector has begun to take hold. The Minister expressed concern over the slow recovery in the growth of jobs in the sector since the end of the recession. As Chair of the Forum, the Minister will listen to concerns of and proposals by the members. The Minister encouraged all members of the Forum to work together to support sustainable jobs growth in the retail sector.

2. Retail Consultation Forum Working Groups update

a. Launch of Retail and Skills Working Group

Before calling on members of the various working groups to provide updates to the Forum, the Minister launched a Working Group on Retail and Skills in response to a commitment in the Action Plan for Jobs 2016. The purpose of the Working group is to examine issues relating to retail and skills which the Forum has identified as a key challenge for the sector. The intention is that the Group will feed into the structures being set up under the National

Skills Strategy. Draft terms of reference were circulated at the meeting and members were asked to join the Group or nominate relevant colleagues to join. It is hoped that the Group will present agreed Terms of Reference at the next meeting of the Forum and will report to the Forum in the second half of 2017.

b. Retail and Reducing Energy Costs Working Group- update

Vincent Jennings provided an update on the work of the Group. A final report is currently being prepared which will be circulated to the Forum.

Key Outcomes of the Group:

- A Pilot Energy Efficiency Training programme tailored specifically for retailers, devised in consultation with the working group and delivered by Green Business and the SEAI is due to start in July with members of the CSNA and SFA.
- Dedicated financing options for businesses to make energy efficient investments have been made available from new sources.
- The Group engaged with the Commission for Energy Regulation (CER) regarding updating suppliers' handbooks and concerns in relation to the methodology of calculating the PSO levy.

Key recommendations:

- Where possible, a coordinated response from the Forum to the CER regarding the PSO decision paper would present a stronger message;
- Pending the outcome of the Energy Efficiency Training Pilot, a recommendation will be made for a broad roll out of the programme;
- Recommend that members of the Forum make their members aware of the availability of finance options for energy efficiency investments;
- Monitor need for further response to the CER handbook.

Discussion:

The work of the Group was broadly welcomed by members of the Forum. Consideration needs to be given to ensuring that the messages about availability of finance for energy efficiency investments and the speedy return on investment needs to reach the retail audience. This is also the case for the pilot Training programme if and when rolled out. Issuing press releases was suggested.

c. Retail and Digital Economy Working Group- update

Dr. Stephen Brennan of Department of Communications, Climate Action and Energy and Chair of the the Retail and Digital Economy Working Group provided an update on digital developments and the work of the Group.

Key findings of Indecon report on the Digital Economy in Ireland:

- 2015: digital economy is valued at 6% of GDP - €12.3BN (up from 4.4% in 2012): an increase of 40% in 3 years, higher than EU average (5.7%);
- 6th largest sector in the economy, just behind property, 3 times larger than tourism;
- Forecast to reach 8% of GDP by 2020 (€21.4BN) based on current GDP growth forecasts;
- Strong correlation between strength of digital economy and presence of multinationals;
- €850,000 is spent online every hour of the day by consumers in Ireland;
- Irish businesses represent just 40% of current value;
- Digital economy provides 68000 direct and 116000 indirect jobs;
- 1/7th of population generate supplementary income from digital;
- 88% of Irish consumers research online before purchase: consumers are digitally sophisticated.

The Indecon report shows clear evidence that there is a huge opportunity for Irish retailers to build an online business and benefit from both the domestic and international market that exists.

The Group has identified the following issues as meriting attention:

Data: The Indecon report made a number of recommendations regarding the collection of data and the group has identified a number of areas that will be explored with the CSO, including additional questions on the Retail Sales Index, identifying the proportion of the basket of goods used in the Consumer Price Index that were purchased online and additional questions in the annual QNHS ICT survey.

Case studies: Members are in agreement that case studies, both of success stories and the challenges faced by businesses, are a powerful tool in educating and inspiring businesses to take the step towards online trading. All members have been asked to identify case studies from within their membership, mindful of any sensitivities that there might be with regard to sharing information.

Training: There is broad agreement among members that training and upskilling both manager-owners and employees is essential in order to develop understanding of the benefits of going digital, to demystify online trading and to give retailers the tools to identify their needs in this area and to engage with confidence with providers. Suggestions have been made to bring training providers together and explore common training programmes that can be provided to a wider retail audience.

Awareness Raising: Members were asked to consider a proposal to prepare a "self-help guide" / leaflet for the sector which identifies the key steps that retailers need to

consider with regard to the digital economy, whether it be online trading, social media, or a mix of a number of elements. We would like this initiative to be industry-led, drawing on the key issues that you believe are relevant for the retail sector. Consideration would need to be given to the size and nature of the retailer and ideally all retailers should be able to identify themselves in the guide.

Discussion:

- Indecon report presents compelling case for need to collect regular reliable data.
- Digital presents huge opportunity but it is also a complex area as not solely about having a digital shop window. Issues of fulfilment, supply chain, logistics and distribution also need to be addressed.
- Interviews during Indecon study showed that an estimated 60-70% of online spend is abroad.
- Need to be mindful that it is not only small/micro retailers that find this challenging, it is an issue for mid-sized retailers also.
- Skills issue to be addressed in this area- both at management level in terms of buy-in and understanding of the importance of having a digital strategy and an omnichannel offering and also with regard to technical skills.
- TOVs: beginning to bear fruit but limited scope (max 10 employees) for retailers to avail of. Agreement that there is a need to examine widening the scope of the TOVs.
- D/Education and Science referred to the work of the Regional Skills Fora which have been set up across all regions to bring education sector and business together to address skills issues.
- Options to look at include the Skillnets model, Fusion Programme for the food sector. Establishment of Retail and Skills Group welcomed.

d. Retail and Town Centre Revival Working Group- update

Eadaoin Collins, DJEI, provided an update on the work of the Retail and Town Centre Revival Working Group which is chaired by Donegal County Council CEO Seamus Neely.

The group met with the CEO of the Association of Town and City Managers from the UK, Shanaaz Carroll who gave a good insight into the experience of initiatives to support town centre revival in the UK.

Using the preliminary draft paper which was prepared by REI and Limerick CC for the January meeting, a draft Framework for Town Centre Revival has been prepared by DJEI following further engagement with the Department of the Environment and the Local Authorities. This paper has now gone out to members of the Group for consideration before the next meeting of the Group on 14th July.

The core of the document is an Action Plan for Town Centre Revival and its relevance as a practical toolkit for towns to use. We recognise that there is a need to identify supports, such as financial and training supports, in order for the Action Plan to be implemented by towns and this is an issue which we are pursuing.

Tara Buckley from RGDATA outlined to the Forum the work that RGDATA has been doing with the Heritage Council to prepare a pilot Town Centre Health Check Programme. RGDATA stressed the need for a strategic approach to town centre revival.

The Programme is aimed at towns that are at the right stage in the planning phase in order that a town plan can ultimately be adopted as part of the Local Area Plan. The process must also take account of and feed into the National Planning Framework which is being developed.

Working with a number of different experts and students from a number of third level institutions, towns will be taken through a workshop based training programme to develop a Town Centre Health Check. RGDATA is in discussions for funding and the selection of ten towns. The heritage officers in the Local Authorities have also been consulted on the programme. It is hoped that the pilot will be rolled out in the autumn. It is also hoped that a portal with all relevant information on the health check programme will be developed alongside the Programme.

Discussion:

- The Forum welcomed the initiative by RGDATA and the Heritage Council and felt that it was very relevant to the work of the Town Centre Revival Group and should be reflected in the Framework document.
- Purple Flag programme was highlighted as an example of town centre management (for the nighttime economy). A number of good case studies also exist in Northern Ireland, Scotland and some UK towns of a similar size to Irish towns.
- The way that consumers are shopping has changed fundamentally with a merging of the daytime and nighttime economy and people shopping where they socialise.
- It is key to get the Framework document right to address town centre revival. Involvement of key stakeholders (in particular Local Authority and Chambers) and appointment of a good, salaried town manager key to successful town centre management.
- Essential for policy makers to speak with one voice and to identify the lead on this issue as there are a number of people working in this space.
- Minister emphasised the importance of town centre revival as the vibrancy of a town is a public display of our economic recovery and assists in attracting people to work, live and shop in the locality. The Minister stressed that this was a priority for DJEI.

3. AOB

Draft Work Programme

DJEI spoke briefly on the Work Programme, outlining that much of the focus of the Group would be on the output of the four Working Groups. Members were asked to indicate issues that they would like to see addressed. The rising cost of insurance for retailers was suggested as an issue for the Forum to discuss at a future meeting.

Pre-Budget Submission

The Minister recalled that a number of the proposals in the 2016 pre-Budget submission were delivered on in Budget 2016, including a reduction in the personal tax burden, a move towards fairer treatment of the self-employed, the retention of the 9% VAT rate for the hospitality sector, extension of the Home Renovation Incentive scheme and reduced credit and debit card charges.

The Minister referred to the commitments made in the Programme for Government and the Summer Economic Statement which should lead to improved business prospects for retailers. The Minister encouraged all members to submit pre-Budget proposals to the Secretariat if they have not already done so. The Minister will submit the pre-Budget submission on behalf of the retail members of the Forum to Minister Noonan before the end of July.

Concern was expressed about the commitment to increase the Minimum Wage to €10.50 in the Programme for Government and the recent recommendations of the Low Pay Commission. The Minister said that the decision whether to accept the LPC recommendation would be taken by Government in the context of the Budget.

Members raised concerns over the recommendations in the University of Limerick study into zero hours contracts. The Minister explained that while the report was commissioned by the Department, it was an independent report.

Secretary to the Retail Consultation Forum