

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

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# TOGETHER FOR RETAIL

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Industry recommendations  
for the 2025-26 Welsh Budget



# SNAPSHOT OF WELSH RETAIL



**121,000**  
WELSH RETAIL WORKERS



RETAIL  
SHARE OF WELSH  
BUSINESS RATES  
INCOME 25%  
(£325M OF  
TOTAL £1.3BN)



**-2.9% AVERAGE**  
MONTHLY CHANGE  
IN FOOTFALL  
(YEAR ON YEAR)



YEAR-ON-YEAR RETAIL  
WAGE GROWTH IN WALES:  
**8.5%**



**11,720**  
RETAIL BUILDINGS



**25,800**  
RETAIL  
BUSINESSES

# FOREWORD

Autumn 2024

Dear Finance Secretary,

Employing over 120,000 colleagues, and with a presence in every Welsh community, retail is a powerhouse industry which is fundamental to the health of the wider Welsh economy.

Retailers keep prices down for households, provide routes to market for Welsh manufacturers and producers, and are working hard to decarbonise their own operations and that of their supply chain. It's a vibrant industry which makes an enormous contribution to Wales's society and economy.

Retailers have shown tremendous fortitude and resilience to come through the tribulations of the past few years of the pandemic and costs crunch by innovating and adapting their business models at pace to meet evolving customer expectations.

While these global factors have receded it nonetheless remains a testing time for shopkeepers. Retail sales are at best flat, shopper footfall has fallen, and stores are striving to trade profitably. The nature of retail is transforming and businesses need to invest to keep pace.

Stimulating greater levels of private sector investment is crucial to lifting Wales's rate of economic growth and living standards, generating the tax revenues to support public services and alleviate poverty, whilst supporting a just transition to net zero.

To realise that ambition and make Wales the best place in the UK to grow a retail business, this paper sets out the industry's recommendations for your upcoming Welsh Budget.

The Welsh Budget provides a great opportunity to bolster growth by stimulating consumer confidence and business competitiveness, reduce the cost of government, and deliver greater fiscal certainty. I commend our recommendations to you as you determine your tax and spending plans.



Yours sincerely,

**Sara Jones**  
Head of the Welsh Retail Consortium

# KEY RECOMMENDATIONS



Provide an allocated budget to the delivery of the Retail Action Plan, which is due for renewal in May 2025.



A 20% retail-specific discount to the Welsh multiplier for retail properties of all sizes and in all locations.



Freeze the Non Domestic Rate multiplier for 25/26.



Prevent any cuts to funding to the apprenticeships budget, and engage with the UK Government on reform of the Apprenticeship Levy and the Skills England Bill.



Ensure that there are no rises to the Welsh Rate of Income Tax.



Provide a costed roadmap of regulation due to be introduced by the Welsh Government.

# DETAILED RECOMMENDATIONS

## Cutting the cost of running government

It is vital that Welsh Government finances are on a sustainable footing, to strengthen our nation's economic stability as well as militating against the need for tax rises on individuals or firms which could hinder economic recovery. It also delivers the fiscal headroom to make GDP-enhancing investment.

Retailers are adept at ensuring an efficient business model in the face of weak revenues and spiralling costs, having dealt with increases in commodity and supply chain prices over the past few years as well as additional statutory burdens.

### Our suggestions:

- A costed roadmap of regulation that is in the pipeline to be introduced by the Welsh Government would support the industry in determining future pressures and costs.
- The bulk of the gap in devolved government finances should be addressed by spending restraint rather than tax rises which could hold back economic recovery.
- Regardless, fewer regulatory initiatives should be progressed. Easing the cumulative burden of regulation would allow retailers – and government - to focus on mission critical tasks.
- Government premises surplus to requirements should be disposed of.
- The NHS could further expand the use of community pharmacy and opticians to reduce pressure on GPs and ensure healthcare provision is more accessible.



## Supporting consumers

Household finances continue to be under strain. Falling shop price inflation and growing real wages have yet to translate into sustained increases in retail sales or shopper footfall.

With several statutory charges in the pipeline which could affect household disposable incomes, such as a DRS charge on drinks bottles and cans, there should be caution against any additional policies which might cast a cloud over what remains a tentative recovery in consumer confidence.

### Our suggestions:

- Rule out any increase in the Welsh rate of income tax in the coming year. Any such uplift would leave pay packets lighter and dent shopper spending.
- Any rises in council tax should take into account the impact on household discretionary spending, as should any changes to the structure of council tax.
- Policy makers should be wary about adding further pressure on to household finances over the coming year, over and above those already planned.



## Supporting Colleagues

Retailers are working hard to keep down prices for customers, support colleagues, invest in decarbonising their operations, and maintain their store estate. They are doing so against a backdrop of little to no growth in retail sales and greater outlays to run their business.

Further outlays will be needed to meet additional statutory obligations on sustainability and recycling, obesity, and the national living wage.

### Retail Action Plan

The Retail Action Plan, launched in May 2023, provided a much needed confidence boost to the retail industry, which has so often been forgotten when economic growth initiatives are prioritised by Governments.

The Plan is a laudable, collaborative, effort to provide the necessary tools for the retail industry to flourish. It provides a focus on people, place and resilience whilst outlining a commitment to an ongoing conversation, through the Retail Forum, to shape the Welsh Government response to current and future challenges and opportunities. To ensure that the actions outlined are deliverable, there should be specific budget allocated to helping meet its objectives to build a more resilient retail sector that delivers for communities, business and workers.

### Business Rates

Whilst we applauded positive reforms including more regular revaluations and the retention of the uniform business rate, the business rate remains onerous and is now at a 25-year high. A more ambitious and coherent approach would view rates as a means of stimulating commercial investment in retail destinations rather than squeezing yet more tax revenue.

We have published research into the retail industry's tax contribution compared to other parts of the economy and options for business rates reform to support Government's thinking as it seeks to replace rates with a fairer system.

Retail pays 25% of Welsh business rates. Our report's sector-by-sector analysis of the overall business tax burden provides clear evidence that retail is more heavily burdened by tax than other sectors.

A pragmatic approach to business tax and operating costs is required which helps rather than hinders retailers' ability to keep down prices for shoppers and helps them invest in retail destinations. To address the inequities in the system, the social and economic impact these have on communities and share tax more fairly, Government should consider a 20% retail-specific discount to the Welsh multiplier for retail properties of all sizes and in all locations (as retailers depend on each other to drive footfall, investment and job creation benefitting the local community ecosystem).

### Decarbonisation

The industry has a vital role to play in cutting carbon emissions and, through our own Climate Action Roadmap, has ambitions to reach net zero by 2040 – a decade ahead of Wales' target. One-third of every Welsh citizen's carbon footprint comes from the goods they buy, so as retail decarbonises, it can shift the dial for the whole country. In the future, retail buildings and logistics will be powered by renewables and customers and colleagues – who increasingly value sustainability – will be supported to lead greener lives.

To aid the industry in its move to net zero, and to support a just transition, it is vital the Welsh Government identifies the budgetary means to support the industry, as well as the policy tools to help.



### Our suggestions:

- Provide an allocated budget to the delivery of the Retail Action Plan, which is due for renewal in May 2025.
- Introduce a 20% retail-specific discounted multiplier for all retail properties to address the inequities in the system, the social and economic impact on communities, and to unlock retail investment and growth.
- Freeze the NDR multiplier for 2025/26
- Provide a rates roadmap for the multiplier to be reduced to a level where it is at least on par with other UK nations. The roadmap should look to lower the rates burden permanently to a more financially sustainable level for firms, which would offer a meaningful competitive advantage for all firms in Wales.
- Ensure that any extension of retail, hospitality and leisure relief in England is matched in Wales (currently 75% in England as opposed to 40% in Wales).
- Any consideration of devolution of taxes, levies and charges to councils should factor in the perspectives of business, the impact on firms' costs and on consumer spending.
- Deliver fit for Purpose recycling and waste schemes and encouragement in investment in renewable energy and net zero vehicles.

## Easing the regulatory pipeline

### Skills and Training

We need a coordinated approach to apprenticeship, skills and training policy. Retail jobs are becoming higher skilled, more productive and better paid: the rate of pay growth in retail has outpaced the Welsh economy in seven of the last eight years.

Retailers' skills needs are therefore evolving, and they need to train and upskill as many colleagues as possible: 40-50% of the workforce needs upskilling for new roles and digital skills. However, the Apprenticeship Levy acts as a barrier to retail investment in skills and training, as it is too inflexible to meet the evolving needs of businesses. It is even more of a challenge to navigate given that it applies to businesses with operations across the UK – whilst the skills environment is itself devolved.

We need to see greater engagement between government and businesses to understand where there are skills gaps and to work collaboratively to ensure that policy landscape and apprenticeship and training curricula work effectively for individuals and businesses alike. This would help retailers play an even greater role in training and upskilling colleagues, with increased investment in programmes to improve functional, digital and green skills, and support a commitment to fair work and social partnership.

### Retail Crime

No-one should face threats, violence and abuse at work. It is vital that we see a greater police prioritisation of retail crime and a partnership approach to addressing antisocial behaviour and vagrancy in public spaces.

The WRC welcomes plans to legislate in England and Wales for a new standalone offence for assaulting a retail worker. Whilst crime is not devolved and is the budgetary responsibility of the UK Government, there are many areas which the Welsh budget can and will have an influence on the impact of retail crime. Whether it be through town centre funding support to deliver safer and accessible spaces, or through support for crime tackling initiatives, there is much that can be directed to helping retailers in their efforts to keep stores safe for colleagues and consumers alike.

### Our suggestions:

- Prevent any cuts to funding to the apprenticeships budget, and engage with the UK Government on reform of the Apprenticeship Levy and the Skills England Bill.
- Despite record spending by retailers on crime prevention more needs to be done to protect store colleagues and reduce crime against retailers. Retail crime should be a priority for Wales's Police and Crime Commissioners and the courts should be appropriately funded to bear down on spiralling levels of shoplifting and anti-social behaviour and to ensure justice is served swiftly.
- Through funding opportunities such as Transforming Towns, allocation is considered for improvements to public amenity and safety which will support the wider retail environment.



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## ABOUT THE WRC

The WRC's purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future. Retail is an exciting, dynamic and diverse industry which is going through a period of profound change which has been accelerated by the Covid pandemic. The trends are clear - technology is transforming how people shop; costs are increasing; and growth in consumer spending is slow.

The WRC is committed to ensuring the industry thrives through this period of transformation. We tell the story of retail, work with our members to drive positive change and use our expertise and influence to create an economic and policy environment that enables retail businesses to thrive and consumers to benefit.

Our membership here in Wales and across the UK comprises businesses delivering £200bn of retail sales and employing over one and half million employees. In addition to publishing leading indicators on Welsh shopper footfall and retail property, our policy positions are informed by our membership and determined by the WRC's Board.

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