

Report on the Impact the 'Business Rates Holiday' will have on the Businesses of Windermere and Bowness



Promoting the trading and commercial interests of Bowness, Windermere and the immediate area.

Report on the Impact 'Business Rates Holiday' will have on the Businesses of Windermere and Bowness

Date: 18 January 2021

**Compiled by: Adrian G Faulkner – DMS, FCMI, CLP
Secretary, Windermere and Bowness Chamber of Trade**

Email: a.g.faulkner@gmail.com

© 2021 - Windermere & Bowness Chamber of Trade

Table of Contents

Introduction.....	3
Methodology.....	3
Results.....	4
Conclusions.....	8

Introduction

The Secretary of the Windermere & Bowness Chamber of Trade conducted this survey amongst the membership of the Windermere and Bowness Chamber of Trade to ascertain the impact on the Government's proposal to cease the 'Business Rates Holiday' in April 2021.

Methodology

The survey was undertaken during the period of the 7th and 15th January 2021 via email to all members of the Windermere & Bowness Chamber of Trade asking them the following questions:

1. Should the Business Rates Holiday be extended?
2. If so, till when?
3. Are you likely to suffer financial losses if it is NOT extended? No figures necessary, but if you wish to include they will remain anonymous!
4. Any other comments!

Of those surveyed, approximately 21% responded. This response rate is well above the national average for an email survey!

Their responses are set out in the table under the heading "Results."

The replies to above 4 questions have been collated under the appropriate headings and are in no particular order of preference. The Secretary of the Windermere & Bowness Chamber of Trade oversaw the heading under which each reply should go based, on its content.

All recipients who answered the survey remained anonymous and were sent a "thank you" message.

Results

BUSINESS SECTOR	Should the Business Rates "Holiday" be extended?	If so, till when?	Are you likely to suffer financial losses if it is NOT extended?	Any other comments?
Hotelier	Yes	Depends on how long this takes to get clear, but we would say 6 months after we re-open as long as travel is permitted. So, January 2022 would probably be a good target.	Yes, its another fixed cost that isn't manageable, but if they were re-started perhaps they could be subsidised in the case of lockdowns or tightening of tier levels.	Must be a complete nightmare for the Government, don't know how or where they are getting funds for all of this!
Tourism	Yes, please extend	Full Year 21/22	Yes we are – to the sum of £80,000	This was the only significant support to businesses provided by the Govt. The rest of the support was entirely targeted at job retention – ie keeping people earning money. By cutting off the business support via rates re instatement is very much more likely to create redundancy situations.
Hotelier	Most definitely. It is unlikely the business will be back on its feet by then, it is not impossible that the lockdown gets extended after February anyway. We would need some period of time to get back on our feet and to repay the debts that we have built up as a business.	Ideally 2022.	Hard to say. The gov't backed 'Bounce back loan' will start to be repaid about then and having to pay that and the NNDR at the same time as we will be trying to get the business back on its feet will not help.	

Report on the Impact the 'Business Rates Holiday' will have on the Businesses of Windermere and Bowness

Retailer		Personally I think we should only have it for one more month after business opens.		
Accommodation	The business rate holiday should be extended until the business in question can operate to its full potential. The Lakes Hostel Windermere will remain closed with no custom whatsoever as a result of Covid 19.	We need a crystal ball. See (1)	Financial losses will be incurred if business rates are applied as the business has NO income whilst Covid restrictions are in place.	The Government's assistance is much appreciated. The current situation is no-one's fault but for the long term economic health of the UK the businesses need as much support as possible. If not, there will be mass employment, civil unrest, and we will become a poor country.
Retail		I would propose deferring business rates to April 2023 with a review held between Government, the CBI, and heads of Chamber of Trade/Commerce.	We have been fortunate to succeed online and have a growing e-commerce business that should help us through, but many may not survive without further support and incentives.	Our business would like to see business rates scrapped altogether, but in light of Covid, the financial implications for most retail and hospitality businesses is very serious.- It will take at least 2 years for most businesses to recover from the losses inflicted. Few businesses will have built up cash reserves and the last thing they need is another onerous tax. Let businesses get back on their feet, and if the net profits are there, then there will be more revenue to be earned from corporation tax.

Report on the Impact the 'Business Rates Holiday' will have on the Businesses of Windermere and Bowness

Retail	Yes	The whole of fiscal year as I do not think we will be anywhere near normal until next year.	Yes!	The pandemic has speeded up the change in retail the government need to help with a financial buffer to give businesses the change to acclimatise to the new normal.
Accommodation	Yes absolutely	Till businesses can trade fully towards the end of this pandemic, maybe just to the end of this year		
Retailer	Yes	Until Covid restrictions are lifted retail will continue to suffer. In December, despite being allowed to open our stores, our retail sales were down an average of 24% due to Tier restrictions. As we depend on tourists the restrictions in other areas are just as damaging as the ones local to us. A 24% drop in sales equates to a really bad recession. We therefore need the rates holiday to last until all Tier restrictions are lifted in the country.	As the Government has suggested that some restrictions will be necessary until 2022, our business will be hit for the whole of our financial year. We estimate the lack of a rates holiday will add around £96,000 to our loses. We have stores that really need new windows, rewiring, etc. This investment will not be possible.	The Government needs to raise revenue from where sales are being made. This is no longer in retail stores but now online. The current rating system should be scrapped during 2021 and replaced by an increase in VAT of 2%. Such a move has been estimated to raise the same revenue. In 2022, when hopefully the pandemic is passed, a 'green' tax should be introduced on packaging materials, with higher rates for plastic materials. The tax should be applied at manufacturer/ wholesaler level. This would again raise money from on-line businesses and consumer reseller sites like Ebay. Minimum wage is already set to rise again in April

Report on the Impact the 'Business Rates Holiday' will have on the Businesses of Windermere and Bowness

				2021. The only way we will be able to fund this is by reducing the opening hours of our stores and reducing staff hours.
Special Cases	<p>It is my belief that so many of the businesses that currently receive this support should continue to receive it. Without this lifeline so many of them will struggle or go under in the uncertain times ahead.</p> <p>I do think that someone should also be championing more the sinesses that haven't received the rates holiday at all. There are many businesses like ourselves that due to not classifying as retail, leisure & hospitality have had to stomach all the cost associated with their businesses but without the customer base usually made up of these sectors to provide the income. We pay very large amounts of business rates & rents for our three sites. Yes we received some token gesture grants in comparison to the favoured Retail, Leisure & Hospitality sectors grant system. I have already had a couple of businesses from these sectors go bust owing thousands to us. We have had no help in regards to the rates or the larger grants!</p> <p>Please don't take this the wrong way as I 100% support these sectors being supported but maybe it is time for Tim to lobby for more sectors not just the chosen 3. I speak to many who more urgently need the support. These businesses like taxi companies, printing & design, laundry, food manufacturers who all have no business due to the 3 sectors having to shut and are falling between the gaps.</p>			
General Comments	<p>To be honest, the sooner we get back to normal the better!. Fully understand that the government needs business rates to make things function... but equally, we need revenue to pay them.</p> <p>In my opinion, I would give the simple response that business rates should reflect the ability of the business to trade at varying levels of reduced capacity. Therefore if the business cannot trade at all due to lockdown measures, then business rates should be on a 100% holiday. It seems reasonable also, that as we return to full business trading capacity through relaxation of the Covid rules, then we should see a gradual return to the charging of business rates in proportion to the deemed increase in that capacity.</p> <p>I would like our Government to stop giving India money now that as a country they are richer than us and then yes when we keep that money in house maybe we can eliminate business rates forever!!!</p>			

Conclusions

The overriding conclusion that can be inferred from this survey, is that the business community wishes to see the Business Rates Holiday continue through to at least 2022 and beyond, if possible. It also suggests that of those who replied a number of them are struggling to remain in business!

It will take time for all sectors to get back up to a trading level that will support the overhead that Business Rates create. In the meantime other debts have still to be dealt with and the government should recognise that! With the phenomenal growth in online sales caused by the pandemic, the rating systems is inherently unfair and needs to be re-visited. The move to online has been going on for some years, but the closure of face to face shops has accelerated that. And like most things, once change has occurred it cannot be reversed.

Whilst it is accepted that to extend the 'holiday' will be a large financial burden on the Government, it will have an equally big impact on the local businesses, because of the length of time it will take for the local economy to recover even if the Covid-19 restrictions are immediately removed. The cessation of the 'rates holiday' will see businesses struggle to meet their straight line costs as they need to retain what income they have for them to remain in business. Business Rates are one, if not the biggest expense a business has!

In the current climate businesses need to keep their costs down and try to derive an income, from what ever source, to remain trading. This certainly applies within the hospitality sector as they are currently being deprived of 'forward booking income because of the uncertainty of when the current lockdown will end. They particularly rely on deposits for future bookings to see them through the leaner times!

If the hospitality/tourism sectors take a dip, then it is likely that the other associated businesses would follow suit. In a small community like Bowness and Windermere that could have a catastrophic effect!

The last thing needed in Windermere & Bowness are empty retail spaces and a rise in unemployment due to businesses going 'under' through no fault of their own. The impact on the two communities of these empty spaces with their 'For Sale' or 'To Let' signs and no interior lighting will leave a big void on the high streets and could deter visitors from coming here! Visitors are the main stay of the local economy.

The above conclusions need to have a reaction at government level which indicates that those involved seen to be promoting the local economy and have learnt from the situation and taken decisions to re-invigorate it.