

Survey Results on the Future of Sidmouth

Sir Hugo Swire MP

Earlier this year, I launched a survey on Business Rates and the future of Sidmouth High Street.

The survey came about following a meeting with business owners in May 2018 at Kennaway House in Sidmouth. There was an overall feeling that punitive business rates and a growing online marketplace were negatively affecting independent traders in Sidmouth.

I sent the survey to 250 traders in Sidmouth, with 43 responses. I would like to warmly thank those who sent in their responses and comments. I know that many traders and residents in Sidmouth – even those who did not have the time to reply – have made clear they would like to see its results.

Business Rates

- Business rates **rose** for over half (51 per cent) of respondents in the last financial year. One third of respondents believed they might make **redundancies** as a result. Almost all (95 per cent) respondents called for a **wholesale review** of business rates and business taxation.
- A **reduction in tourism VAT** could boost the local economy in Sidmouth according to two-thirds of respondents (68 per cent). Over half (56 per cent) of these businesses calling for a reduction suggested they would pass the reduction on to their customers.

Parking in Sidmouth

- When offered the choice, almost two-thirds (64 per cent) of respondents would prefer a **Park and Ride scheme** in Sidmouth to a Park and Change scheme, to correlate with the seasonal peak in business. With almost one-third unsure (30 per cent), respondents were not keen (7 per cent) on a Park and Change Scheme¹. Some respondents suggested the location for a main, large car park could be The Knowle.
- Only one third of respondents wanted a multi-storey car park on the Ham Car Park.

Sidmouth in general

- The unique selling points of Sidmouth are its '**first class hotels and independent shops**' (29 per cent), its 'heritage and regency architecture' (24 per cent), its 'beach and seafront' (16 per cent), and its 'unspoilt charm and character' (16 per cent).
- An overwhelming majority (88 per cent) said they would be prepared to take part in a 'Sidmouth Strategy' **wider consultation**.

¹ A Park and Change Scheme is effectively a car-pooling scheme across participating car parks to take you into the centre.

I would hasten to add that I conducted the survey *before* the Autumn Budget in November. I wrote to the Chancellor in October with the results of the survey, calling on him to review Business Rates as a matter of urgency. You can read the reply from HM Treasury in the Appendix to this document.

Therefore, the significant reduction in Business Rates² for the next two years (2019-20; 2020-21) announced at the Budget is most welcome. A one third cut in rates for venues with a rateable value of up to £51,000 could save up to £8,000 per year for 90 per cent of hospitality businesses. At the next revaluation in 2021, rateable values will adjust to reflect changes in rental values.

Pubs, shops, restaurants and cafes called for help to compete with a growing online marketplace. The lobby-group UKHospitality estimates the measures in the Budget will ‘likely save the trade £750 million’.

Of course, I do not believe that there is time to rest on our laurels. There is still more work to do to help our retailers and the hospitality sector to thrive, such as a reduction in tourism VAT which I continue to argue for. I have sent the results of this survey to Sidmouth Town Council and East Devon District Council, which I hope proves to be instructive for future policy and planning.

I shall ensure that the Government continues to hear the voices of businesses in Sidmouth and across East Devon.



Speaking to Sidmouth businesses at Kennaway House in May 2018

² Business rates are a property tax paid by occupants of non-domestic properties. The basic rates bill is determined by multiplying the rateable value of a property by the ‘multiplier’. The multiplier is expressed in pence per pound of rateable value. The UK Government in England sets the multiplier. District and unitary councils collect business rates.

Full results

Business Rates

Have your business rates increased for this financial year?

Yes – 22 (51.2%)

No – 21 (48.8%)

If so by how much as a percentage?

Average 7.4%

Do you believe that you may be forced into making redundancies at your business due to the increase in business rates?

Yes – 13 (30.2%)

No – 26 (60.5%)

Unsure – 4 – 9.3%

What do you believe to be the best solution to this issue?

8 replies talked about how rates should be based on turnover and profit and not based on value of property / footage (32%)

5 replies mentioned how small businesses are struggling so there should be a higher threshold (20%)

5 replies mentioned needing a complete review on taxes (20%)

3 replies mentioned needing a fairer system with even charity shops needing to pay a fair amount – (12%)

1 reply allowed to employ European labour (4%)

2 replies said it should have tax at point of sale as business is seasonal (8%)

1 reply said should have reduction of rates for commercial business (4%)

Would you like to see a wholesale review of business rates and business taxation?

Yes – 41 (95.3%)

No – 2 (4.7%)

Do you believe that a reduction in tourism VAT would boost the local economy in Sidmouth?

Yes – 28 (68.3%)

No – 4 (9.8%)

Unsure – 9 (22%)

If tourism VAT was reduced, would you be prepared to pass that reduction on to your customers?

Yes – 18 (56.25% of those applicable)

No – 6 (18.75% of those applicable)

Unsure – 8

N/A – 8

Parking in Sidmouth

Would you prefer a Park and Ride or Park and Change option in Sidmouth?

Park and Ride – 29 (63.6%)

Park and Change – 3 (6.8%)

Unsure – 13 (29.5%)

Would you like to see this run on a seasonal basis or all-year round?

Seasonal – 25 (56.8%)

All year round – 12 (27.3%)

Unsure – 7 (15.9%)

Which location do you believe to be the best for a main, large car park in order for this service to run?

The Knowle – 18 (50%)

Woolbreak – 5 (13.9%)

Manor Road Carpark – 4 (11.1%)

Field on edge – 2 (5.6%)

Alexandra industrial estate – 2 (5.6%)

Bowd – 2 (5.6%)

Steven Cross – 1 (2.8%)

Connaugh Gardens – 1 (2.8%)

Under Cricket Field – 1 (2.8%)

Do you believe in exploring the possibility of a multi-storey car park on the Ham Car Park?

Yes – 15 (35.7%)

No – 25 (59.5%)

Unsure – 2 (4.8%)

Sidmouth in general

What do you believe to be Sidmouth's unique selling point?

First class hotels and independent shops – 17 (29.3%)

Heritage / regency architecture – 14 (24.1%)

Beach/ seafront – 9 (15.5%)

Unspoilt charm/ character – 9 (15.5%)

Environment – 7 (12.1%)

Local people – 2 (3.4%)

Do you believe that the levels of community policing in Sidmouth are adequate?

Yes – 11 (25%)

No – 24 (54.5%)

Unsure – 9 (20.5%)

Would you support the appointment of a 'Sidmouth Czar' to oversee a 20-30 year strategy for Sidmouth and tourism in the area?

Yes – 13 (31%)

No – 17 (40.5%)

Unsure – 12 (28.6%)

If so, how do you believe this should be funded?

Waste of money – 5 (27.8%)

Town council – 4 (22.2%)

Government – 2 (11.1%)

EDDC – 3 (16.7%)

Events and local community – 1 (5.6%)

Local authorities and businesses – 1 (5.6%)

Council tax – 1 (5.6%)

Business contributions – 1 (5.6%)

Would you be prepared to take part in a wider consultation on a 'Sidmouth Strategy'?

Yes – 37 (88.1%)

No – 5 (11.9%)

Unsure – 0

Do you believe that the redevelopment of Port Royal and the adjacent area should be looked at as a whole rather than in smaller developments?

Yes – 36 (85.7%)

No – 3 (7.1%)

Unsure – 3 (7.1%)

Do you believe that a seawall along the Esplanade would be positive or detrimental to the town?

Positive – 4 (8.9%)

Detrimental – 37 (82.2%)

Unsure – 4 (8.9%)

Sir Hugo Swire MP
December 2018

Letter from the Financial Secretary to the Treasury Rt Hon. Mel Stride MP, dated 21st November 2018



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir Hugo Swire KCMG MP
House of Commons
London
SW1A 0AA

21 NOV 2018

Dear Sir Hugo,

Thank you for your letter of 26 October to the Chancellor of the Exchequer about business rates and VAT. I am replying as Minister with strategic oversight of the UK tax system. I would like to apologise for the delay you have experienced in receiving a response to your original letter.

The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve. To provide upfront support, the Government announced at Budget 2018 a new retail discount, cutting retailers' business rates bills by a third for two years from April 2019 for properties with a rateable value below £51,000, subject to State aid limits.

This measure is part of Our Plan for the High Street – a wider package of support for high streets and town centres announced at this Budget worth £1.5 billion. Our Plan for the High Street delivers a long-term plan to support the transformation of high streets including a £675 million Future High Streets Fund to make high streets and town centres fit for the future, planning reforms to create more homes, jobs and choice in town centres, a High Streets Task Force to support local leadership, and funding to strengthen community assets, including the restoration of the historic buildings that make our high streets special.

The Government concluded the last fundamental review of business rates in 2016. Respondents agreed that property based taxes were easy to collect, difficult to avoid, relatively stable compared to other taxes and had a clear link with local authority spending. Some respondents suggested alternative tax bases, including a tax on margins, gross value added, turnover or local sales. However, there was no consensus on an alternative base, and even those respondents that put forward alternatives were clear that these tax bases were not without their own issues. The Government therefore decided to keep business rates as a property tax after the review.

Reforms and reductions announced following that review are, together with the new retail discount, reducing rates by more than £13 billion over the next five years. This includes switching from RPI to CPI indexation, increasing the frequency of revaluations, doubling the threshold for Small Business Rate Relief – meaning 655,000 of the smallest

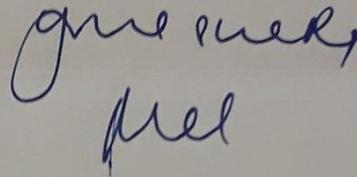
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businesses now pay no rates at all, and increasing the threshold for the standard multiplier to £51,000 from April 2017.

Regarding VAT, the standard rate of twenty per cent applies to most goods and services as this is a broad-based tax on consumption. While exceptions to the standard rate exist, these have always been strictly limited by legal and fiscal considerations.

The evidence in support of tax reform remains inconclusive and a reduced rate of VAT for services in the tourism industry has been estimated to cost the Exchequer approximately £10 billion in the first year. Any loss of tax revenue must be balanced by increased borrowing, reduced public spending or increased taxation elsewhere.

Thank you for taking the trouble to make us aware of your concerns. The Government keeps all tax policy under review and the views expressed to us are considered carefully as part of that process.

A handwritten signature in blue ink, appearing to read 'Mel Stride', is centered on the page.

RT HON MEL STRIDE MP

The Rt Hon. Sir Hugo Swire KCMG MP (East Devon)

House of Commons

London

SW1A 0AA

hugo.swire.mp@parliament.uk

020 7219 8173

To keep up with Hugo, please visit his website, Facebook, and Twitter:

<http://www.hugoswire.org.uk/>

<http://www.facebook.com/HugoSwireEastDevon>

<http://www.twitter.com/HugoSwire>