



The Voice of the Countryside

Comprehensive Spending Review
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

24 September 2020

Dear HM Treasury

The Comprehensive Spending Review (CSR) comes at a difficult time when the country is facing one of its greatest challenges not only economically but socially. As we come out of the COVID-19 pandemic the pressure on the public purse will never have been so great and we must support those communities and services that have been impacted. We must also use the CSR to ensure that no part of the UK is left behind, especially rural areas, from north to south and east to west.

The countryside faces many challenges at this time, from a tourist industry that has been mothballed due to coronavirus to ongoing challenges such as rural crime, poor digital connectivity and a declining post office network, not to mention the challenges Brexit and post COVID-19 will bring. The Countryside Alliance would like to work with the Government to meet these challenges and share the concerns of rural communities with you.

Rural Tourism

Rural tourism in England contributes over £13 billion per year to the economy, making up a substantial part of the overall £97 billion value of tourism in England. It makes a significant contribution to the rural economy, supporting village shops and services, jobs and businesses, and it is crucial to ensuring the long-term sustainability of our countryside. The hospitality sector, accommodation providers and tourist attractions have all been devastated this year and there will be many who will be closed permanently by the end of this season leading to broken economies and high unemployment in some of the most fragile coastal and rural communities.

The UK is one of only four countries in Europe not to take advantage of a reduced rate of VAT which means that British families or international visitors holidaying in the UK pay almost three times as much VAT compared to a German break, and twice as much as one in Italy, France, and Spain. Reducing tourism VAT would help lower prices, but also allow businesses to increase investment especially in the fragile coastal communities.

Research by the Cut Tourism VAT campaign has found that a cut in tourism VAT would contribute an extra £4.6 billion to H M Treasury over ten years and create 121,000 jobs.

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The reduced rate of VAT for hospitality, holiday accommodation and attractions and the extension until the end of March next year is very much welcome but **the Government should extend this support to at least the end of 2021 to prevent the closure of many rural tourism businesses, which in turn would help ensure the sustainability of the wider local economy and strengthen the UK's economic recovery from COVID.**

Rural Crime

Rural crime continues to be a threat felt by rural communities. Our recent 2020 Rural Crime Survey showed that 47% of people don't think the police take rural crime seriously and 38% said that they have had a crime committed against them in the last 12 months and one in four of those failed to report it to the police. For many people, whether they have fallen victim to crime or not, the simple fear of crime can have as great a detrimental effect on their quality of life as the actual experience of crime itself.

To tackle rural crime we propose fair funding for rural policing. Providing services across large, sparsely populated areas is expensive on a per capita basis. Therefore, the Government's funding formula should take that into account. In addition, there needs to be better targeting of police resources because tackling crimes from poaching and farm theft to drug dealing and domestic abuse present different challenges for policing often due to the remoteness of the crime.

The Government must review the police funding formula to ensure it takes into account the additional cost of the delivering services in the countryside, making rural communities feel safer and deliver on the outcome of cutting crime in the countryside.

Broadband

Delivering full fibre and gigabit capable broadband to the countryside by 2025, as committed to in the Conservative General Election Manifesto, must remain a Government priority. Increased investment in full fibre connectivity by broadband operators is to be welcomed but this financial commitment must be also committed in hard to reach rural areas to ensure they can also benefit from the opportunities fibre connection brings.

Continued poor connectivity in rural areas represents a huge missed opportunity for economic development and these gaps and weaknesses need to be addressed as a priority. The current lack of broadband infrastructure serving small firms threatens the expansion of the rural economy currently worth £400bn annually. The business opportunity includes 28 per cent of all UK firms and over one million small businesses.

The COVID-19 outbreak has demonstrated the necessity of good connectivity as we have seen more businesses operating remotely, homeworking increase, and online communities spring up to tackle isolation during lockdown. While we work out what the new normal is, one thing is clear that work patterns, travel, and how we conduct our lives will change, and as we come out the other side we will be more reliant than ever on digital connectivity. However, at current levels only 1 million homes are being connected a year to superfast. If the Government is going to match its manifesto commitment this needs to increase to 4 million a year. **To deliver the required outcome of levelling up economic opportunity and investing in infrastructure, Government needs to increase funding and deliver regulatory change.**

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Post Offices

Post offices are a critical and valued service but they are under threat. Long temporary closures and an increased reliance on outreach services means that many communities, particularly in rural areas, parts of the North of England and Scotland and in Wales, have patchy access to basic banking and parcel collection and delivery.

Access to money and finance in rural areas remains difficult. 20 per cent of the population live and work in rural areas and yet only 12% of bank branches and 11% of cash machines are located there.¹ This means it is becoming increasingly difficult for people and businesses located in rural communities to access their money, other day-to-day services, and those services necessary to run a local business.

The Government must increase funding for post offices in the upcoming spending review to ensure they survive. This will make post offices the front office of central and local government through the expansion of personal and business banking services, and this in turn would protect a vital service to rural communities.

Business Rates

COVID-19 has caused significant disruption and damage to UK businesses. Unfortunately for many businesses it is impossible to plan for the future with any confidence due to the nature of this virus. We have seen that, despite restrictions being eased, local lockdowns have now become a feature across the UK, as well as temporary individual business closures due to coming into contact with COVID-19. All of which impacts footfall and, ultimately, revenue. The sustainability of many businesses is now in question.

The business rates holiday announced in the March Budget worth £10 billion for retail, hospitality and leisure properties is welcome and without this unprecedented support many businesses would have been forced to close for good. Businesses, especially rural businesses, are not out of the woods yet, and having spent most of Summer in lockdown, tourism businesses and their peak season will have been greatly impacted.

Before COVID-19 the retail sector accounted for 5 per cent of the UK economy's gross value added but paid 10 per cent of all business taxes. Pubs are responsible for 0.5 per cent of turnover of the UK economy but pay 2.8 per cent of business rates.

We very much welcome the HM Treasury review into business rates. It is certainly appropriate to examine what reform is necessary in the aftermath of COVID-19 but also beyond COVID-19 as we attempt to return to normal. We echo the Federation of Small Businesses and argue for rates themselves to be reviewed to reflect the impact of COVID-19, so businesses are not overpaying until 2023.

With the increase of local shopping due to the impact of COVID-19 we must capitalise on this and rejuvenate our high streets with a fair tax that recognises the important role many village shops, garden centres and farm shops play in supporting our communities which is not something that can be replicated online.

¹ State of the Countryside Update: Financial Inclusion, 2017.

As part of the strengthening the UK's economic recovery from COVID-19 the Government must review business rates as a priority and introduce a fair tax for all businesses whether they are operating online or on the high street.

We would welcome an opportunity to meet you to discuss our proposals and further make the case for why the countryside needs to be supported at this difficult time benefiting not just rural communities but the whole of the UK.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T.P.C.' followed by a stylized flourish.

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