



# The Rural Recession Rate Relief Scheme

## FSB One Page Briefing

### Rural Recession

Rural businesses are suffering during this economic downturn like their urban counterparts. FSB research shows that 47% of members who are based in rural areas or who are involved in tourism have seen a downturn in trade in the last 12 months with 28% believing things will get worse over the next 6 months. The FSB is concerned that not enough is being done for those businesses in rural areas who are suffering in silence during this recession.

### Vital Village Businesses

The FSB is particularly concerned about the plight of sole village shops, pubs, petrol stations and post offices during this downturn. These businesses have already been in marked decline and we are concerned that this recession could sound the final death knell for many of these businesses which form the backbone of village life.

- The village shop network is losing between 300-700 shops per year (Commission for Rural Communities).
- 13 rural pubs close each week (British Beer & Pub Association).
- In 1974 there were 74,000 petrol stations. In 2006 there were under 10,000. Two thirds of the 600 petrol stations that closed in 2005 were independent retailers (The Energy Institute).

The failure of a vital business, such as a sole shop or petrol station, in a small village can devastate a local community and have far ranging socio-economic ramifications. FSB research shows that 44% of members who are based in rural areas or are involved in the tourism industry rely one or more of a sole shop / petrol station / pub / post office operating in their area for their business.

The FSB believes urgent action is needed to give relief to these businesses that are so often at the heart of village life and we are calling for our Rural Recession Rate Relief Scheme to be adopted in this year's Budget.

### The Rural Recession Rate Relief Scheme

Currently there is 50% mandatory rural rate relief for some village businesses with local authorities having the discretion to grant up to 100% relief. However due to local government financial constraints many councils fail to offer significant relief above 50%.

The FSB is calling for the Non Domestic Rates pool to which local authorities contribute, to be topped up by the Treasury to enable local authorities to grant 100% rate relief for a period of 12 months. We propose that, following the topping up of pool funds by the Treasury, there would be a mandatory duty for local authorities to extend 100% rate relief for the above businesses for the period of 12 months.

This recession measure should be reviewed after 12 months to see if a further time extension, based on economic circumstances, is necessary.

DCLG figures show that the rate relief currently given to some these businesses amounts to only £8m. The Rural Recession Rate Relief Scheme would cost the Treasury relatively little and yet offer real help now for our rural businesses and communities in this year's Budget.

### Small Business Statistics

- 83% of members who are based in rural areas or who are involved in the tourism industry have seen the cost of operating their business increase in the last 6 months
- 44% of FSB members who are based in rural areas or who are involved in the tourism industry depend upon one or more vital sole business operating in their area for their business
- There are 4.7 million small businesses in the UK
- 97% of firms employ less than 20 people
- 95% employ less than 5 people

**For further information**  
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