Ardrethi Busnes (£500,000 ac o dan) - Cynllun Cymorth Ardrethi Dros Dro (Cymru) 2021/2022 - Eitem Frys 1-15

Agenda Item 21.



Urgent Item.

The Chair states that pursuant to paragraph 100B (4) (b) of the Local Government Act 1972, s/he considers that the report "Business Rates – Temporary Rate Relief Scheme (Wales) 2021/2022 "should be considered at this meeting as a matter of urgency.

Reason for Urgency

Welsh Government introduced this Temporary Rate Relief Scheme recently and it needs to be adopted prior to the start of the Financial Year 2021/22 so as to allow time for officers to make the necessary billing arrangements so net bills can be issued promptly prior to end of financial year.

Urgent Report of the Chief Finance Officer (Section 151 Officer)

Cabinet - 18 March 2021

Business Rates – Temporary Rate Relief Scheme (Wales) 2021/2022

Purpose: To provide information and to consider the

adoption of a temporary Retail, Leisure and Hospitality Rates Relief Scheme relating to Business Rates, which has been introduced by Welsh Government for the financial year 2021/22.

Policy Framework: None

Consultation: Access to Services, Finance, Legal.

Recommendation(s): It is recommended that:

1) The details of the scheme in this report are noted.

2) The rate relief scheme and the application process outlined in this

report are adopted for 2021/22.

Report Author: Julian Morgans

Finance Officer: Ben Smith

Legal Officer: Tracey Meredith

Access to Services Officer: Rhian Millar

1. Introduction

- 1.1 In April 2017, the Welsh Government introduced a temporary High Street Rate Relief Scheme (HSRRS) to reduce Business Rates (BR) in certain circumstances. This scheme was amended and extended in 2018/19, 2019/20 and for 2020/21. However, due to the impact of the Covid 19 pandemic, in 2020/21 Welsh Government determined to supplement that scheme with a more generous Retail, Leisure and Hospitality Rates Relief Scheme (RLHRRS) to further support businesses impacted by the pandemic. The RLHRRS has now been extended for 2021/22.
 - 1.2 Rate relief under the scheme is available for the financial year 2021/22. Welsh Government will reimburse each Local Authority in Wales for expenditure incurred, up to a defined limit, for the purpose of providing rates relief under this scheme in line with the guidance issued. This will be done via a grant under section 31 of the Local Government Act 2003 and Section 58A of the Government of Wales Act 2006. The funding is subject to local authorities formally accepting the grant offer.
- 1.3 As this is a temporary measure, it is a condition of the grant that the relief under this scheme is provided by way of discretionary rate relief under Section 47 of the Local Government finance Act 1988. The qualifying criteria for the RLHRRS have been set by Welsh Government. The local discretionary rate relief policy currently used to grant relief to charities and other organisations does not require amendment.

2.0 The Retail, Leisure and Hospitality Rates Relief Scheme 2021-22

- 2.1 This relief is aimed at businesses in Wales in occupation of premises in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.
- 2.2 Welsh Government has not specifically defined what it considers a 'retail, leisure or hospitality' premises and believes each Local Authority is best placed to judge which businesses should qualify in its area. However, it has provided examples and guidance as to the types of uses that it considers to be a retail, leisure or hospitality business (see Appendix 1 to this report) for this purpose. The guidance does not replace any existing non-domestic rates legislation or any other relief. RLHRR is to be applied to the net charge after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.
- 2.3 The examples provided are not intended to be an exhaustive list as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses of business premises. However, they are intended to be a guide for Local Authorities as to the types of uses that the Welsh Government considers eligible for this relief. Local Authorities are advised that they should determine for themselves whether particular properties not listed are broadly similar in nature to the examples provided and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those given as examples, should not be eligible for the relief.

- 2.4 Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022. It is recognised that there may be some instances where a Local Authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2021, the Local Authority may use its discretion in awarding relief.
- 2.5 The scheme aims to provide support for businesses by offering a discount of 100% on the non-domestic rates bill due for eligible premises for the period 1 April 2021 to 31 March 2022. The scheme will apply to all eligible premises with a rateable value of £500,000 or less.
- 2.6 Empty properties becoming occupied after 1 April 2021 will also qualify for this relief. Also, if there is a change in occupier part way through the financial year, after relief has already been provided to the previous occupant of the property, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation to the end of the financial year.
- 2.7 Most occupied business premises with a rateable value of £6,000 or less are eligible for 100% Small Business Rate Relief but only on a maximum of two properties per business, in each Local Authority area. Ratepayers operating in the retail, hospitality or leisure sectors who have more than two premises with rateable values of £6,000 or less, are also eligible for RLHRR and will therefore have no rates to pay for 2020/21.
- 2.8 The Authority has estimated that provisional funding of up to £35M will be required from Welsh Government to fund this relief and the necessary return has been submitted to advise of this. The Welsh Government will follow their usual process and make five instalment payments in arrears. One of the instalments will relate to administration funding. There will also be an end of year top up payment if necessary.
- 2.9 To qualify for the relief, the premises should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, this is a test on use rather than occupation. Therefore, properties which are occupied, but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, properties which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.
- 2.10 Any premises with a rateable value over £500,000 will not be eligible for this relief.
- 2.11 Welsh Government has set out the types of uses that it does <u>not</u> consider to be retail, leisure or hospitality use for the purpose of this relief and which would <u>not</u> be deemed eligible for the relief. However, it will again be for local authorities to determine if properties are similar in nature to those listed and if they would also not be eligible for relief under the scheme.
 - (i) Properties used for the provision of financial, medical or professional services, post office sorting offices, children's play centres, day

- nurseries, kennels and catteries, casino and gambling clubs, show homes and marketing suites and employment agencies.
- (ii) Properties that are not reasonably accessible to visiting members of the public even if there is ancillary use of the property that might be considered to fall within the scheme.
- (iii) Properties that are owned, rented or managed by a Local Authority
- (iv) Unoccupied properties.
- 2.12 RLHRR should be applied against the net bill after all other reliefs have been applied.
- 2.13 Some ratepayers may take the view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such would be inclined <u>not</u> to accept the relief. Welsh Government advises that arrangements for opting out of receiving relief should be made between such businesses and the Local Authority. The Business Rates team will be approaching the rating agents for the large national supermarket chains to confirm their intention in respect of whether or not to accept this relief.

3.0 Administration and Application of the Scheme

- 3.1 Similar to other reliefs, Welsh Government has again advised Local Authorities that in order to maximise take-up and reduce the administrative burden for ratepayers and Revenues Services, that they are able to determine the application process for this relief. Across Wales, a number of different award processes have historically been applied to such reliefs. Some authorities make automatic awards where they are satisfied the necessary criteria have been complied with. Others require all potential beneficiaries of the relief to formally apply in writing and the remainder follow an approach that is a combination of the two.
- 3.2 Swansea has previously successfully followed a combination award process in such circumstances as the most practical and beneficial option and it is recommended that the same process be followed for this scheme in 2021/22, using the following criteria:
 - (i) RLHRR is applied without the need for a formal application where it is possible for the authority to identify, to its satisfaction, an eligible business premises.
 - (ii) Where it is not possible for the authority to satisfy itself that a business premises complies with the necessary criteria, the ratepayer will be required to apply for the relief and to provide any information needed for a decision on eligibility to be made.
- 3.3 Welsh Government has confirmed that following the end of the transition period for the United Kingdom leaving the European Union on 31 December 2020, EU State Aid regulations only apply in limited circumstances. As this relief is not funded by EU residual funds, EU State Aid regulations no longer apply for this scheme. As of 1 January 2021, the

UK Subsidy Regime came into force. The scheme has been viewed to be outside the scope of any international trade agreements as measures are focused locally within Wales.

4.0 Implementation of the Scheme

- 4.1 Welsh Government has provided the following to authorities:
 - Guidance for the RLHRRS 2021 -22
 - A certificate of acceptance form to confirm the estimated number of properties that will benefit from the scheme and the estimated cost.
- 4.2 The most recent estimates suggest approximately 2,400 business properties will be eligible and will have relief applied to their accounts if the scheme is adopted. This will involve significant extra workload for the Business Rates Team which has been dealing with the award of Covid19 business support grants over the last year, although using a combination award process will assist with this additional burden.

5.0 Financial Implications

- 5.1 The Authority has estimated that provisional funding of up to £35M will be required from Welsh Government to fund this relief and the necessary certificate has been submitted to advise of this and the estimated number of eligible properties. Welsh Government will specify the amount of funding available for the scheme once the certificate of acceptance that has been submitted has been considered. Any award made in excess of the funding may have to be met by the Authority.
- 5.2 There is a small risk that the funding that has been requested from Welsh Government, based on the estimate, could be insufficient as the estimate was provided based on descriptions of properties contained in the Valuation List, which is maintained by the Valuation Office Agency and there may be instances where the description is not wholly accurate. It is not certain, but is likely, that any amount of relief applied in excess of the initial funding requested would be re-imbursed. This is because Welsh Government has recognised the funding request is only an estimate of the likely cost of the scheme. Whilst there is thus some risk of an element of non-reimbursement to the authority if the actual eligibility experience differs from the estimate, it is felt on balance that it is worth that residual risk to enable local businesses to benefit from the scale of overall relief offered.

6.0 Legal Implications

6.1 There are no further legal implications to those set out in the report.

7.0 Equality and Engagement Implications

7.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid to regard to the above.

7.2 An EIA screening has been completed with the agreed outcome that a full EIA report is not required, as Welsh Government has set the qualifying criteria for the RLHRRS. Relief will be awarded to all eligible ratepayers as per the criteria set out in the guidance provided.

Background Papers: None

Appendices:

Appendix 1 - Non-Domestic Rates Retail, Leisure and Hospitality Rates Relief in Wales – 2021/22 - Guidance Appendix 2 - EIA Screening Form

Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief in Wales – 2021-22

Guidance

About this guidance

This guidance is intended to support county and county borough councils ('local authorities') in administering the Retail, Leisure and Hospitality Rates Relief scheme ('the relief'). On 3 March 2021, the Minister for Finance and Trefnydd announced the extension of the relief on a temporary basis for 2021-22. This guidance applies to Wales only.

This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to retail, leisure and hospitality properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.

Enquiries about the scheme should be sent to: <u>localtaxationpolicy@gov.wales</u>

The relief is being offered from 1 April 2021 and will be available until 31 March 2022.

Introduction

This relief is aimed at businesses and other ratepayers in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.

The Welsh Government will provide grant funding to the 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible ratepayers for 2021-22. The scheme aims to provide support for eligible occupied properties by offering a discount of 100% on the non-domestic rates bill for a property, to all eligible premises. The scheme will apply to all eligible ratepayers with a rateable value of £500,000 or less.

This document provides guidance on the operation and delivery of the scheme.

Retail, Leisure and Hospitality Rates Relief How will the relief be provided?

As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will reimburse local authorities for the relief that is provided

in line with this guidance via a grant under section 31 of the Local Government Act 2003 and section 58A of the Government of Wales Act 2006.

How will the scheme be administered?

It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff.

Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2021, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

Properties that will benefit from this relief will be occupied retail, leisure and hospitality properties – such as shops, pubs and restaurants, gyms, performance venues and hotels across Wales. More detailed eligibility criteria and exceptions to the relief are set out below.

Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2021, the local authority may use its discretion in awarding relief.

It is intended that, for the purposes of this scheme, retail properties such as, 'shops, restaurants, cafes and drinking establishments' will mean the following (subject to the other criteria in this guidance).

Hereditaments that are being used for the sale of goods to visiting members of the public

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Pharmacies
- Post offices
- Furnishing shops or display rooms (such as carpet shops, double-glazing, garage doors)
- Car or caravan showrooms
- Second hard car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale or hire)

Hereditaments that are being used for the provision of the following services to visiting members of the public

- Hair and beauty services
- Shoe repairs or key cutting
- Travel agents
- Ticket offices, eg. for theatre
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair
- Funeral directors
- Photo processing
- DVD or video rentals
- Tool hire
- Car hire
- Estate and letting agents

Hereditaments that are being used for the sale of food and / or drink to visiting members of the public

- Restaurants
- Drive-through or drive-in restaurants
- Takeaways
- Sandwich shops
- Cafés
- Coffee shops
- Pubs
- Bars or Wine Bars

We consider assembly and leisure to mean the following.

Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities) and for the assembly of visiting members of the public

- Sports grounds and clubs
- Sport and leisure facilities
- Gyms
- Tourist attractions
- Museums and art galleries
- Stately homes and historic houses
- Theatres
- Live Music Venues
- Cinemas
- Nightclubs

Hereditaments that are being used for the assembly of visiting members of the public

Public halls

Clubhouses, clubs and institutions

We consider hotels, guest & boarding premises and self-catering accommodation to mean the following.

Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business

- Hotels, Guest and Boarding Houses,
- Holiday homes,
- Caravan parks and sites

Other considerations

To qualify for the relief, the hereditament should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.

The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Ratepayers may view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such would be inclined to not accept the relief. Arrangements for opting out of receiving relief should be made with the relevant local authority.

Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief

Any hereditament with a rateable value over £500,000.

The following list sets out the types of uses that the Welsh Government does not consider to be retail, leisure or hospitality use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed and if they would not be eligible for relief under the scheme.

Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public

- Financial services (eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawnbrokers)
- Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)
- Post Office sorting offices
- Day nurseries
- Kennels and catteries
- Casinos and gambling clubs
- Show homes and marketing suites
- Employment agencies

There are a number of further types of hereditament which the Welsh Government believes should not be eligible for the relief.

Hereditaments that are not reasonably accessible to visiting members of the public

If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions listed under *Which properties will benefit from relief?*

Hereditaments that are not occupied

Properties that are not occupied on 1 April 2021 should be excluded from this relief. However, under the mandatory Empty Property Rates Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases, six months) of being empty.

Hereditaments that are owned, rented or managed by a local authority

Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

How much relief will be available?

The total amount of government funded relief available for each property under this scheme for 2021-22 is 100% of the remaining bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants. Retail, Leisure and Hospitality Rates Relief should be applied against the net bill after other reliefs have been applied.

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year.

Amount of relief to be granted = V, where

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.

This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.

Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties.

Retail, leisure and hospitality properties which are excluded from Small Business Rates Relief due to the multiple occupation rule are eligible for this relief scheme.

Changes to existing hereditaments, including change in occupier

Empty properties becoming occupied after 1 April 2021 will qualify for this relief. If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief if they operate in the retail, leisure or hospitality sectors on a pro-rata basis based on the remaining days of occupation using the formula used in the section titled How much relief will be available?

The discount should be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the discount on that day.

State Aid

Following the end of the transition period for the United Kingdom leaving the European Union on 31 December 2020, EU State Aid regulations only apply in limited circumstances. As the relief is not funded by EU residual funds, EU State Aid regulations no longer apply for this scheme. As of 1 January 2021, the UK Subsidy Regime came into force. The scheme has been viewed to be outside the scope of any international trade agreements as measures are focused locally within Wales.

Equality Impact Assessment Screening Form – 2017/8

	is form. If	you would li	ke further g	uidance p	Guidance while lease contact the
Section 1					
Which service	area and dire	ectorate are y	ou from?		
Service Area: I	Revenues ar	nd Benefits			
Directorate: Co	orporate Serv	/ices			
Q1(a) WHAT	ARE YOU S	CREENING F	OR RELEVA	NCE?	
Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
	X				
Business Ra (RLHRRS). A is reduced to criteria set by	tes - Retai A scheme I 5 £0.00 for y Welsh Go	by which the businesses overnment.	nd Hospital e 2021/22 li / organisat	ability for	Relief Scheme Business Rates satisfy the
	ront line delivery	Indirect	front line delivery	Indirect service	back room delivery
	☐ (H)	X	(M)		□ (L)
(b) DO YOU Because they need to (H)	Вес	MERS/CLIEN ause they ant to	FS ACCESS Because automatically everyone in S x (I	se it is provided to wansea	On an internal basis i.e. Staff ☐ (L)
Q3 WHAT I	S THE POT	ENTIAL IMPA	ACT ON THE	FOLLOWI	NG
Children/young per Older people (50+ Any other age group Disability Race (including reasylum seekers Gypsies & travelle Religion or (non-)8 Sex Sexual Orientation Gender reassignm Welsh Language Poverty/social exception Community cohes Marriage & civil par Pregnancy and marriage & civil par Preg	eople (0-18) up efugees) ers belief n nent clusion g carers) ion artnership	High Impact (H)	Medium Impact (M)		

Q4 WHAT ENGAGEMENT / CONSULTATION / CO-PRODUCTIVE APPROACHES WILL YOU UNDERTAKE?

Please provide details below – either of your planned activities or your reasons for not undertaking engagement

Equality Impact Assessment Screening Form – 2017/8

None – the qualifying criteria for the RLHRRS has been set by Welsh Government. Relief will be awarded to all eligible ratepayers as per the criteria set out in the guidance provided.

Q5(a)	HOW VISIBLE IS THE High visibility	HIS INITIATIVE TO THE (Medium visibility (M)	GENERAL PUBLIC? Low visibility X (L)
(b)			OUNCIL'S REPUTATION? ial, political, media, public
Χ	High risk (H) if the LA does not adopt the scheme		Low risk
	and allow the relie		☐ (L)
Q6	Will this initiative h Council service?	ave an impact (however	minor) on any other
	Yes X No	If yes, please pro	vide details below
Q 7	HOW DID YOU SCO		
MOST	⁻LY H and/or M →	HIGH PRIORITY \longrightarrow	☐ EIA to be completed Please go to Section 2
MOST		W PRIORITY / → OT RELEVANT	X Do not complete EIA Please go to Q8 followed by Section 2

Q8 If you determine that this initiative is not relevant for an EIA report, you must provide a full explanation here. Please ensure that you cover all of the relevant protected groups.

A full EIA report is not required as Welsh Government has set the qualifying criteria for the RLHRRS. Relief will be awarded to all eligible ratepayers as per the criteria set out in the guidance provided.

Equality Impact Assessment Screening Form – 2017/8

Section 2

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email – no electronic signatures or paper copies are needed.

Screening completed by:
Name: Julian Morgans
Job title: Revenues and Benefits Manager
Date: 16/3/21
Approval by Head of Service:
Approval by Head of Service: Name: Jeff Dong

Please return the completed form to accesstoservices@swansea.gov.uk