

Report of the Cabinet Member for Finance and Resources

Cabinet – 23 September 2014

BUSINESS RATES – TEMPORARY RATE RELIEF SCHEMES (WALES)

Purpose:	To provide information and to consider the adoption of two further new temporary relief schemes relating to Business Rates which have been introduced by Welsh Government (WG) for the current financial year. The schemes being:- 1) Wales Retail Relief 2) Enhanced Local Need Relief
Policy Framework:	None.
Reason for Decision:	Legislative requirement and Welsh Government grant funding condition.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) The details of the two schemes in this report are noted. 2) The two rate relief schemes outlined in the report are adopted.
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1.0 Introduction

- 1.1 The Welsh Government (WG) has recently introduced two further new temporary rate relief schemes to reduce Business Rates (BR) in certain circumstances. The two schemes being
- Wales Retail Relief
 - Enhanced Local Need Relief
- 1.2 The rate relief under the schemes is available for the current financial year 2014/15 and WG has offered funding to each local authority in Wales under section 31 of the Local Government Act 2003 to re-imburse authorities for expenditure up to a defined limit incurred for the purpose

of providing relief under these schemes. The funding is subject to authorities formally accepting the grant offer.

- 1.3 It is a condition of the grant that the relief under these schemes is provided by way of discretionary rate relief under section 47 of the Local Government Finance Act 1988. The qualifying criteria for the Retail Relief Scheme have been set by WG and there are no powers to vary. The qualifying criteria for the Enhanced Local Need Relief are not prescribed. The local discretionary rate relief scheme currently used to grant relief to charities and other organisations does not require amendment.
- 1.4 Arrangements are in place for applications to be available for the Retail Relief Scheme in hard copy and on the Council web-site.

2.0 Wales Retail Relief Scheme

2.1 Funding of up to £1,124,930 is being made available to the Authority to grant relief of up to £1,000 against the business rates bill for certain occupied retail properties with a rateable value of £50,000 or less in the financial year 2014-15, subject to state aid limits

2.2 The main objective of this scheme is to support businesses in Wales that are responding to the challenges that result from the changing retail environment. It is also aimed at contributing to the development of sustainable and vibrant town centres.

2.3 To benefit from the scheme properties must be:

a) Either:

- (i) Used for the sale of goods to visiting members of the public.
- (ii) Used for the provision of certain services, or
- (iii) Used for the sale of food and/or drink to visiting members of the public.

2.4 Welsh Government has set out the uses that it **does not** consider to be retail use for the purpose of this relief:

a) Either:

- (i) The provision of financial, medical or professional services, post office sorting offices, tourism accommodation, sports clubs, children's play centres, day nurseries, outdoor activity centres, gyms, kennels and catteries, show homes and marketing suites and employment agencies or,
- (ii) Premises that are not reasonably accessible to visiting members of the public.

3.0 Enhanced Local Need Relief Scheme – Proposed Scheme

- 3.1 Funding of £202,638 has been made available by WG to support the Authority in respect of expenditure to be incurred by it for the purpose of providing relief for BR to businesses in the area. The Authority is required to target those businesses that it has determined are likely to be most negatively impacted by postponement of revaluation. Relief for BR may also be awarded to businesses with the aim of furthering other economic development priorities identified by the Local Authority.
- 3.2 There is currently no data available to identify those businesses most negatively impacted by the postponement of revaluation. In view of this and after consulting the Head of Economic Regeneration and Planning it is recommended that the Authority uses the funding to provide additional assistance to those businesses that are entitled to Wales Retail Relief as set out in 2 above.
- 3.3 It is proposed to distribute the funding equally between those businesses that have successfully applied for Wales Retail Relief by 31st December 2014. The amount given to each business will not exceed the business rates liability net of any other applicable reductions.
- 3.4 As the funding is for a fixed amount a cut-off date for applications is required to ensure that the amount available is not overspent and that no financial burden falls to the Authority. All eligible businesses will be invited to apply for the relief. Applications received after 31 December 2014 will not be accepted..
- 3.5 The payment would be credited to the relevant BR account, and a revised bill and explanatory letter would be sent to the BR payer.

4.0 Implementation of the Schemes

- 4.1 WG has provided the following to authorities:
- Guidance for the Retail Relief scheme,
 - A grant offer letter (which requires formal acceptance following adoption of the schemes)
 - A template application form for the Retail Relief scheme.
- 4.2 The two new temporary schemes outlined above should be adopted as specified in the recommendations above.
- 4.3 The most recent estimates suggest approximately 1200 cases are eligible to apply and applications will be issued to eligible ratepayers. This will involve significant extra workload for the BR team.

5.0 Financial Implications

- 5.1 WG has specified the amount of funding available for both schemes and any award made in excess of the amounts may have to be met by the Authority.
- 5.2 There is an amount of £7,194 to support the administration and marketing costs of the Retail Relief Scheme.

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 An EIA Screening Form has been completed with the agreed outcome that a full EIA report is not required, as the qualifying criteria for the Retail Relief scheme has been set by WG and there is no power to vary. Applications will be considered from all eligible ratepayers and relief awarded as per the criteria set out in this report
- 7.2 The authority is unable to identify those businesses most negatively impacted by the postponement of the revaluation and therefore it is recommended that the funding provided for the Enhanced Local Need Relief Scheme should be used to extend the relief offered under the Retail Relief scheme to qualifying retail business (in line with one of the recommendations made by WG)
- 7.3 Applications will be considered from all eligible ratepayers and relief awarded as per the criteria set out in this report

Background Papers: None

Appendices: None