

**Report of the Cabinet Member for
Service Transformation & Business Operations**

Cabinet – 15 June 2017

BUSINESS RATES – TEMPORARY RATE RELIEF SCHEME (WALES)

Purpose:	To provide information and to consider the adoption of a new temporary High Street Rates Relief Scheme, relating to Business Rates, which has been introduced by Welsh Government (WG) for the current financial year.
Policy Framework:	None.
Consultation:	Legal, Finance and Access to Services.
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 2017/18.
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1.0 Introduction

- 1.1 The Welsh Government (WG) has introduced a new temporary High Street Rate Relief Scheme (HSRRS) to reduce Business Rates (BR) in certain circumstances.
- 1.2 Rate relief under the scheme is available for the current financial year 2017/18 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 this scheme. The funding is subject to authorities formally accepting the grant offer.
- 1.3 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 HSRRS

have been set by WG and there are no powers to vary. The local discretionary rate relief policy currently used to grant relief to charities and other organisations does not require amendment.

2.0 The High Street Rate Relief Scheme

2.1 WG has not defined what it considers a 'high street' and believes each local authority is best placed to judge which businesses should qualify in its area. In Swansea any business not located in an out of town shopping centre or not located within an industrial estate that meets the other qualifying criteria may receive relief under the scheme.

2.2 Provisional Funding of up to £678,346.84 is being made available to the Authority to grant relief to businesses of up to £500.00 (Tier 1) or up to £1,500.00 (Tier 2) on the business rates bill for certain occupied high street properties with a rateable value of £6,001 to £12,000 (Tier 1) and £12,001 to £50,000 (Tier 2), that are in rateable occupation on 31st March 2017 (providing the same occupier continues to be in occupation on 1 April 2017) , subject to state aid limits.

2.3 The main objective of this scheme is to support high street retailers in Wales, for example shops, pubs, restaurants and cafés – including those retailers who have seen their rates increase as a result of the 2017 revaluation undertaken by the independent Valuation Office Agency.

2.4 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.

2.5 WG has set out the types of properties that it **does not** consider to be high street retail use for the purpose of this relief:

(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.

(ii) Premises that are not reasonably accessible to visiting members of the public.

(iii) Those having a rateable value over £50,000.

(iv) Properties located in out of town retail parks or industrial estates.

(v) Unoccupied premises.

(vi) Where the ratepayer is in receipt of mandatory charitable rate relief.

2.6 Due to the timing of the announcement of the scheme, adoption and implementation of the scheme was not possible before the annual business rates bills were issued in March 2017. If the scheme is adopted eligible ratepayers will be re-billed to reflect the appropriate amount of relief.

3.0 Administration and Application of the Scheme

3.1 Previous temporary rate relief schemes have required a formal application to be made. However, WG has advised local authorities (LAs) that in order to maximise take-up and reduce the administrative burden for rate-payers and LA Revenues Services, LAs are able to determine the application process. It is therefore recommended that;

(i) That HSRR is applied without the need for a formal application to eligible high street business premises which previously attracted Wales Retail Relief during 2015/16, subject to State Aid consideration.

(ii) Other eligible high street retailers that did not receive Wales Retail Relief during 2015/16 will be issued with a formal application which will also be subject to State Aid consideration.

4.0 Implementation of the Scheme

4.1 WG has provided the following to authorities:

- Guidance for the HSRRS
- A certificate of acceptance form to confirm the number of properties that will benefit from the scheme
- A State Aid declaration to be sent to qualifying businesses.

4.2 The HSRRS scheme outlined above should be adopted as specified in the recommendations above.

4.3 The most recent estimates suggest approximately 1000 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.

5.0 Financial Implications

- 5.1 WG will specify the amount of funding available for the scheme once the certificate of acceptance is returned and any award made in excess of the funding may have to be met by the Authority.
- 5.2 An amount of £7,535.59 to support the administration and marketing costs of the High Street Relief Scheme has already been received from WG.
- 5.3 Estimates of eligible properties were provided by each Welsh LA at the request of WG. There is a small risk that the funding that has been agreed by WG, based on the estimates could be insufficient, as estimates were 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. At present it is uncertain whether LAs would be able to reclaim any amount of relief applied in excess of the agreed scheme funding provided from WG. Whilst there is thus some risk of an element of non-reimbursement to the authority if actual eligibility experience differs from the estimate, it is felt on balance 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 A full EIA report is not included as the qualifying criteria for the HSRRS has been set by WG and there is no power to vary. Relief will be awarded to all eligible ratepayers as per the criteria set out in this report

Background Papers: WG Guidance can be found at

<http://gov.wales/topics/localgovernment/finandfunding/businessrates/publications/ndr-high-street-rates-relief/?lang=en>

Appendices: None