



## Report of the Cabinet Member for Business Transformation & Performance

Cabinet - 21 June 2018

### **Business Rates – Temporary Rate Relief Scheme (Wales) 2018/19**

<b>Purpose:</b>	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.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Access to Services, Finance, Legal.
<b>Recommendation(s):</b>	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 2018/19.
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#### **1. Introduction**

- 1.1 In April 2017, the Welsh Government (WG) introduced a new temporary High Street Rate Relief Scheme (HSRRS) to reduce Business Rates (BR) in certain circumstances. This scheme has now been extended from April 2018 to March 2019, with some amendments such as a reduction in the amount of relief that can be granted.
- 1.2 Rate relief under the scheme is available for the current financial year 2018/19 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 £376,590.94 has been requested by the Authority to grant relief to businesses of up to £250.00 (Tier 1) or up to £750.00 (Tier 2) on the business rates bill for certain occupied high street properties.

WG will follow the process used for the 2017/18 scheme and make an initial payment followed by a top-up payment at the end of 2018/19 if necessary.

### **2.3 Tier 1 – £250 (or the total remaining liability if this is less than £250)**

Eligible ratepayers will be high street retailers whose properties have a rateable value of between £6,001 and £12,000 for the financial year 2018/19 and who meet the following criteria:

- In receipt of Small Business Rates Relief (SBRR) on 1 April 2018 and / or are
- In receipt of Transitional Relief on 1 April 2018.

- 2.4 There will be a small number of ratepayers whose properties have a rateable value of £12,000 or above who are in receipt of Transitional Relief. These ratepayers will qualify for Tier 1 relief.

- 2.5 WG have recognised that there may also be a small number of ratepayers whose properties have a rateable value of £12,000 who are not in receipt of Transitional Relief and who are on the very upper threshold of the SBRR taper and hence receive no SBRR relief. Such ratepayers will be eligible for Tier 1 relief.

## 2.6 Tier 2 – up to £750

Eligible ratepayers will be high street retailers whose property has a rateable value between £12,001 and £50,000 for the financial year 2018/19 and who meet the following criteria:

- Not in receipt of SBRR or Transitional Relief on 1 April 2018 and
- Have an increase in their liability on 1 April 2017 as a result of the 2017 Revaluation.

2.7 For both Tier 1 and 2, the award of the relief will be subject to state aid limits. The same ratepayer must also be in rateable occupation on 31<sup>st</sup> March 2018 and on 1<sup>st</sup> April 2018.

2.8 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.

2.9 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.

2.10 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.

2.11 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 respect of the financial year 2018/19. 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. Across Wales, there are a number of different award processes in operation. 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 In 2017/18 Swansea followed the combination approach. At the end of the financial year, £90,008.05 of the funding provided by Welsh Government remained unclaimed and was returned. For 2018/19, in order to maximise the award of the relief to businesses in Swansea, consideration has been given to following an automatic award process as was done, for example, in Cardiff during 2017/18.

3.3 It is therefore recommended that;

(i) HSRR is applied without the need for a formal application where it is possible for the authority to identify an eligible high street business premises. Businesses to whom this relief is awarded that have more than one premises in receipt of HSRR or who are receiving other De Minimis State Aid are required to advise the authority if the award breaches state aid rules.

(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 issued with a formal application to complete and return 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 (including sample text that could be included in letters to ratepayers about High Street Rates Relief.)
- A certificate of acceptance form to confirm the estimated number of properties that will benefit from the scheme

- 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 although moving to an automatic award process will assist with this additional burden.

## **5.0 Financial Implications**

- 5.1 WG will specify the amount of funding available for the scheme once the certificate of acceptance which includes an estimate of the required funding has been considered. An initial provisional funding amount of £376,590.94 has been requested by the Authority. Any award made in excess of the funding may have to be met by the Authority.
- 5.2 WG have advised that an amount of £10,415.16 to support the administration and marketing costs of the High Street Relief Scheme will be given to the authority.
- 5.3 Estimates of eligible properties have been 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 although this seems likely as WG has recognised the funding requests are only estimates of the likely cost of the scheme. 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 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 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 <https://gov.wales/docs/dsjlg/publications/localgov/180411-non-ndr-high-street-rates-relief-en.pdf>

**Appendices:** None.