



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

Cabinet - 18 March 2021

### **Business Rates – Temporary Rate Relief Scheme (Wales) 2020/2021**

|                                    |  |
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| <b>Purpose:</b>                    | To provide information and to consider the adoption of a new temporary Enhanced Hospitality and Leisure Rates Relief Scheme (EHLRRS) relating to the Non-Domestic Rates due in respect of very large hospitality, leisure and tourism properties, which the Welsh Government has introduced for the financial year 2020/21. This supplements the previously announced Retail, Leisure and Hospitality Rates Relief Scheme that was adopted by the Council on 18 June 2020. |
| <b>Policy Framework:</b>           | None   |
| <b>Consultation:</b>               | Access to Services, Finance, Legal.  |
| <b>Recommendation(s):</b>          | It is recommended that:<br><br>1) The details of the scheme in this report are noted;<br><br>2) The rate relief scheme and the application process outlined in this report are adopted for 2020/21.  |
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#### 1. Introduction

- 1.1 In April 2017, the Welsh Government introduced a temporary High Street Rate Relief Scheme (HSRRS) to reduce Non-Domestic rates (NDR) in certain circumstances. This scheme was amended and extended in

2018/19, 2019/20 and for 2020/21. Due to the impact of the Covid 19 pandemic, 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. It has now determined to further supplement that scheme with an Enhanced Hospitality and Leisure Rates Relief Scheme (EHLRRS) 2020-2021. This latest support measure is aimed at businesses in Wales in the hospitality, leisure and tourism sectors operating from properties with a rateable value over £500,000 by offering a grant equal to a discount of 100% on their non-domestic rates bill.

- 1.2 In Swansea, there is only one business premises that will be eligible for this new relief at this time.
- 1.3 Rate relief under the scheme is available for the financial year 2020/21. Welsh Government will reimburse each local authority in Wales for expenditure incurred, up to a defined limit, for 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.
- 1.4 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. Welsh Government has set the qualifying criteria for the EHLRRS 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 Enhanced Hospitality and Leisure Rates Relief Scheme**

- 2.1 This relief is aimed at businesses in Wales in occupying hospitality, leisure and tourism properties that have a rateable value of over £500,000 – such as hotels, holiday parks and stadia across Wales.
- 2.2 Welsh Government has not specifically defined what it considers ‘hospitality, leisure and tourism properties’ premises to be. However, it has provided examples as to the types of premises that it considers would be eligible for this new relief in the guidance that has been issued (see Appendix 1 to this report). The guidance does not replace any existing non-domestic rates legislation or any other relief.
- 2.3 EHLRRS is to be applied to the net charge after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2020 and 31 March 2021.
- 2.4 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 2020 to 31 March 2021. The scheme will apply to all eligible premises with a rateable value of over £500,000.

- 2.5 Empty properties becoming occupied after 1 April 2020 will also qualify for this relief. In addition, 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.
- 2.6 Welsh Government has offered Swansea Council funding of £642,000.00 to fund this relief. The Council is required to accept this offer by 22 March 2021 and the necessary return has been submitted to advise of the acceptance.
- 2.7 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 grant support 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.
- 2.8 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.

### **3.0 Eligibility Criteria**

- 3.1 The total amount of government-funded support available for each property will be 100% of the non-domestic rates liability for the 2020-21 financial year subject to two criteria being met.
- The ratepayer must occupy a hospitality, leisure or tourism premises with a rateable value in excess of £500,000
  - The ratepayer must demonstrate that there has been a material negative impact on their business between 1 April 2020 and 31 December 2020.
  - The level of support, equal to 100% of the non-domestic rates liability, should not exceed operating costs over the same period (1 April 2020 to 31 December 2020). If the level of support exceeds operating costs the amount of support will be equal to the value of the operating costs.

### **4.0 Administration and Application of the Scheme**

- 4.1 All potential beneficiaries of the relief are required to apply formally, in writing, using a standard application form provided by Welsh Government

(see Appendix 1). Local authorities are required to submit copies of completed application forms to the Welsh Government.

## **5.0 Implementation of the Scheme**

5.1 Welsh Government has provided the following to authorities:

- Guidance for the EHLRRS
- A certificate to confirm that the award of funding has been accepted.

## **6.0 Financial Implications**

6.1 Welsh Government have specified the amount of funding to be made available for this scheme which is considered to be sufficient to cover the cost of the relief, in full.

## **7.0 Legal Implications**

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

## **8.0 Equality and Engagement Implications**

8.1 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.

8.2 A full EIA report is not required as Welsh Government has set the qualifying criteria for the EHLRRS and there is no power for the authority to vary them. Similar schemes (for smaller premises) have previously been provided by Welsh Government and did not require a full EIA report.

**Background Papers:** None

### **Appendices:**

Appendix 1 - Enhanced Hospitality and Leisure Rates Relief Scheme 2020-21 - Guidance.

Appendix 2 - EIA Screening Form