

Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief in Wales – 2023-24

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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 12 December 2022, the Minister for Finance and Local Government announced the continuation of the relief on a temporary basis for 2023-24. 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: localtaxationpolicy@gov.wales

The relief is being offered from 1 April 2023 and will be available until 31 March 2024.

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 all 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible businesses for 2023-24. The scheme aims to provide support for eligible occupied properties by offering a discount of 75% on non-domestic rates bills for such properties. The scheme will apply to all eligible businesses, however the relief will be subject to a cap in the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities. An example declaration form is at Annex 1 for local authorities to utilise when developing their own forms to publish and issue to businesses.

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 businesses with clear and accessible information on the details and administration of the scheme.

🔴 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 2023 and 31 March 2024. 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 business was in occupation on or after 1 April 2023, 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 hand 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 (e.g. 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 and 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 that 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.

The grant of the relief is discretionary. Should local authorities decide to exercise their discretion not to apply the relief to eligible businesses, they may wish to consider taking their own legal advice upon any potential consequential legal issues which might arise from such a decision and on a case by case basis.

Businesses may view that they have not faced substantial impacts from the recent economic pressures and as such may be inclined to not apply for the relief.

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

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

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 2023 should be excluded from this relief. However, under the mandatory Empty Property Rates Relief scheme, 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 2023-24 is 75% of the relevant bill. This is subject to a cap of £110,000 per business across all their properties in Wales.

The relief should be applied to the net bill remaining after mandatory reliefs (including discretionary elements that are fully or partly local authority funded) 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). The reliefs to be applied before Retail, Leisure and Hospitality Rates Relief include categories of discretionary relief available prior to the Localism Act 2011 (eg rates relief for charities, community amateur sports clubs, non-profit organisations, hardship, empty properties). Local authorities may use their wider discretionary powers to offer further discounts outside this scheme or additional relief to hereditaments within the scheme. Where a local authority applies a locally funded relief under section 47 of the Local Government Finance Act 1988, this should be applied after the Retail, Leisure and Hospitality Rates Relief.

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 = $V \times 0.75$, 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.

Businesses that occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties, within the cap of £110,000 per business across Wales.

A business with a single property with a remaining liability (after reliefs) greater than £146,665 can use the entire allocation of relief. No other properties owned by that business will be eligible for the scheme.

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, subject to the cap being applied.

🔴 Changes to existing hereditaments, including change in occupier

Empty properties becoming occupied after 1 April 2023 will qualify for this relief from the time of occupation.

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. This will be calculated 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.

🔴 The cash cap and subsidy control

No ratepayer can, in any circumstances, exceed the £110,000 cash cap across all of their hereditaments in Wales. Where a ratepayer has a qualifying connection with another ratepayer, those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another where:

- both ratepayers are companies and one is a subsidiary of the other, or both are subsidiaries of the same company; or
- only one ratepayer is a company and the other ratepayer has such an interest in that company as would, if the other ratepayer were a company, result in its being the holding company of the other.

As of 4 January 2023, the new UK subsidy control regime commenced with the coming into force of the Subsidy Control Act 2022. The RLHRR scheme is likely to be a subsidy

under the new regime. Any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations.

To the extent that a local authority is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act 2022 allows an economic actor (eg a holding company and its subsidiaries) to receive up to £315,000 in a 3-year period (consisting of the 2023-24 year and the two previous financial years). Previous iterations of the RLHRR scheme in Wales were not provided as a subsidy. Local authorities should ask the ratepayers, on a self-assessment basis, to declare as part of their application for RLHRR that they are not in breach of the cash cap or MFA limit.

It is the responsibility of the local authority to comply with all relevant subsidy control provisions, including MFA procedure and transparency requirements. More information is available in the UK statutory subsidy control [guidance](#) from the Department for Business, Energy and Industrial Strategy.

For further advice, the Subsidy Control Unit at the Welsh Government can be contacted at:

Subsidy Control Unit
Welsh Government
Cathays Park
Cardiff
CF10 3NQ
Email: SubsidyControlUnit@gov.wales

Annex 1

Retail, Leisure and Hospitality Rates Relief Scheme 2023-24

RETAIL, LEISURE AND HOSPITALITY RATES RELIEF - PURPOSE OF THE RELIEF

The Retail, Leisure and Hospitality Rates Relief Scheme is available to qualifying businesses who operate in the retail, leisure, and hospitality sectors. Eligible business will receive a 75% reduction to their non-domestic rates net liability in 2022-23. The maximum cash value of the rates relief allowed, across all properties in Wales occupied by the same business, should not exceed £110,000.

The relief will be provided as a subsidy by way of Minimal Financial Assistance (MFA). The same business must not claim more than £315,000 in total of MFA over three years (including 2023-24). Previous iterations of the RLHRR scheme in Wales were not provided as a subsidy and should not be counted towards the MFA limit. The gross value of relief claimed by the same business must, therefore, not exceed £110,000 in Wales for 2023-24 (to comply with the terms of this scheme) or £315,000 from 2021-22 to 2023-24 inclusive (to comply with subsidy control requirements). Businesses claiming the relief must declare that the amount being claimed does not exceed those limits, before the relief can be awarded.

Businesses are required to declare that they meet the eligibility criteria set out in this guidance document and state which properties they seek to claim relief on. Where 75% of liability across a business's properties exceeds £110,000 or the MFA limit, businesses are required to specify which properties they would like the relief to apply to. Businesses may choose which properties they seek relief for. Where the total relief allowed for other properties is close to the maximum amount of £110,000 or the MFA limit, an amount of relief of less than 75% may be allowed for a further eligible property.

An application form must be submitted to each local authority from which a business is seeking to claim relief for a property in that authority's area. Each form must include details of all properties for which relief is being sought throughout Wales. If an application is not made, then relief cannot be awarded.

Any attempt by a business to deliberately claim in excess of £110,000 relief will risk the withdrawal of relief granted under the scheme to that business by any local authority in Wales. Information on relief claimed under the scheme will be shared with other local authorities and the Welsh Government, enabling any aggregate claims in excess of £110,000 to be identified and if necessary, acted upon.

The Welsh Government and [name of local authority] will not tolerate any business falsifying their records or providing false evidence to gain this discount, including claiming support above the £110,000 cap or the exemption threshold. A business that falsely applies for any relief, or provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006 and subject to legal action, in addition to having all Retail, Leisure and Hospitality Rates Relief removed from all of their properties for the 2023-24 scheme.

[Local authorities to insert privacy statement into their forms as data controllers – allowing data to be shared with the Welsh Government and other local authorities]

An example declaration form is at [Annex 1](#) for local authorities to utilise when developing their own forms to publish and issue to businesses.

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All applicants will need to provide the following information

Are you making an application for Retail, Leisure and Hospitality Rates Relief in more than one local authority area?

If yes, please complete Parts 1 and 2

If no, please complete Part 1 only

Part 1: Applicable to all applicants in relation to properties for which Retail, Leisure and Hospitality Rates Relief is being claimed from [name of local authority]

Business Name and Address:

Company Registration Number (if applicable):

Applicant's name:

Applicant's role in the business (eg owner / director / company secretary / accountant):

Applicant's email:

Applicant's telephone number:

If you are applying for relief in relation to more than one business premises, please list them in order of preference to which the relief should be applied, noting that the maximum relief that can be allowed to a business in Wales is £110,000. Relief will be granted in the order in which you list the premises.

The required details can be found on the non-domestic rates bill issued to you in relation to each property you wish to claim relief for.

Address of Property	NDR (Business Rates) Account Number	Rateable Value*
[Property address]		£ [LAs may be able to auto-populate]

<p>Total amount of Retail, Leisure and Hospitality Rates Relief sought in [name of local authority] (not to exceed £110,000 across Wales)</p> <p>You may leave this field blank if Part 2 of this application is not relevant to your business, or if the maximum relief entitlement for your business across Wales will be lower than £110,000. If you are required to claim a specific amount of relief from [name of local authority], to avoid your business exceeding the £110,000 cap across Wales, you must enter it here.</p>	<p>£ [LAs may be able to auto-calculate a maximum, but the applicant must be able to request a lower amount, to avoid exceeding £110,000 across Wales]</p>
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*To find out your rateable value, you can enter details at the Valuation Office Agency’s [online checker](#).

Part 2: Applicable only to businesses applying for relief from multiple local authorities in Wales. In such cases, a separate application should be made to each local authority.

Properties in other local authorities in Wales, for which Retail, Leisure and Hospitality Rates Relief is being claimed for this business.

Address	Local authority
[Property address]	[Pick list could be used]

Declaration:

I understand that the total value of the relief claimed under the Retail, Leisure and Hospitality Rates Relief Scheme sought by [INSERT BUSINESS NAME] across the whole of Wales cannot exceed £110,000 and that deliberate attempts to claim relief over £110,000 risks all relief granted under the scheme being withdrawn. I accept responsibility for notifying my local authority of any change in circumstances, following my application for relief, which could result in the relief awarded to my business being incorrect or exceeding £110,000 across Wales (e.g. a change rateable value).

I understand that, should relief in excess of £110,000 be granted for any reason, a proportion of it will be reclaimed, in respect of one or more properties, to reduce the value of the relief awarded to £110,000 or below as appropriate. I also understand that, if relief in excess of £110,000 is

granted as a result of a deliberate attempt to claim more than the maximum amount allowed, all the Retail, Leisure and Hospitality Rates Relief allowed for [INSERT BUSINESS NAME] across Wales may be removed, and the full amount of rates liability will become payable.

I understand that the relief will be provided as a subsidy by way of Minimal Financial Assistance (MFA). I confirm that, in claiming this relief, I shall not receive more than £315,000 in total of MFA over three years (financial years 2021-22 to 2023-24 inclusive).

I acknowledge that my local authority, any other local authority in Wales and/or the Welsh Government will undertake any appropriate checks considered necessary to assess this application for rates relief, including cross checks of any information already held by the authority, any other local authority in Wales or Welsh Government. I understand the data I have provided will be shared with Welsh Government and if necessary any other local authority in Wales, for this purpose and to prevent fraud and error.

I declare that the information provided in this application is true and accurate to the best of my information, knowledge and belief, and I understand that making a false response to any of the questions in this application could be an act of fraud.

Signed [xxx]

Name [xxx]

Date [xx/xx/xxxx]