



Report of the Chief Finance Officer (Section 151 Officer)

Cabinet - 21 March 2019

Business Rates – Temporary Rate Relief Scheme (Wales) 2019/20

Purpose:	To provide information and to consider the adoption of a new temporary High Street and Retail Rates Relief Scheme, relating to Business Rates, which has been introduced by Welsh Government (WG) for the financial year 2019/20.
Policy Framework:	None
Consultation:	Access to Services, Finance, Legal.
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 2019/20.
Report Author:	Julian Morgans
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Catherine Window

1. Introduction

- 1.1 In April 2017, the Welsh Government (WG) introduced a new temporary High Street Rate Relief Scheme to reduce Business Rates (BR) in certain circumstances. This scheme was extended in 2018/19 with some amendments and has been extended for 2019/20, again with some further amendments which in effect simplify the relief by, for example, removing the 2 tier support available under the 2018/19 scheme. Also the name has been changed to “The High Street and Retail Rates Relief Scheme” (HSRRRS) to reflect a wider eligibility outside the previous geographical limitations.

- 1.2 Rate relief under the scheme is available for the financial year 2019/20 and WG has offered funding to each local authority in Wales under section 58A of the Government of Wales Act 2006 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. The High Street and Retail Rates Relief Scheme

- 2.1 This relief is aimed at businesses and retailers in Wales, for example shops, pubs, restaurants and cafes. WG has not specifically defined what it considers a 'high street' and believes each local authority is best placed to judge which businesses should qualify in its area. Unlike previous years, the 2019-20 scheme is not limited to high street premises but will include all properties within Wales meeting the wider retail criteria.
- 2.2 The scheme aims to provide support for eligible retail businesses by offering up to £2,500 discount on the non-domestic rates bill per property, to retailers:-
- In occupation as at 31 March 2019 (provided the same occupier continues to be in occupation on 1 April 2019) AND
 - Of premises with a rateable value between £6001 and £50,000 on 1 April 2019.
- 2.3 However, empty properties becoming occupied after 1 April 2019 will also qualify for this relief. This was not the case in the previous 'version' of this relief.
- 2.4 Also, if there is a change in occupier part way through the financial year, after relief has already been provided to 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. This was also not the case in the previous 'version' of this relief.
- 2.5 It is expected that retailers with a rateable value of £6,000 and below will receive full Small Business Rate Relief (SBRR), however it is left to the discretion of authorities to determine if there are properties not in receipt of SBRR that should be eligible for this relief.
- 2.6 Provisional Funding of up to £2,000,000 has been allocated to the Authority to fund this relief. WG will follow the process used for the 2018/19 scheme and make an initial payment followed by a top-up payment at the end of 2019/20 if necessary. The award of this relief is

subject to state aid limits.

- 2.7 To qualify for the relief a hereditament should be wholly or mainly used as a shop, restaurant, café or drinking establishment. 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.
- 2.8 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 of more than £50,000.
 - (iv) Properties that are owned, rented or managed by a local authority
 - (v) Unoccupied premises.
 - (vi) Where the ratepayer is in receipt of mandatory charitable rate relief.
- 2.9 This relief can be provided in addition to SBRR and Transitional Rate Relief. High Street and Retail Rates Relief should be applied against the net bill after these two reliefs have been applied.

3. Administration and Application of the Scheme

- 3.1 In line with previous years, WG has again 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, a number of different award processes have historically been applied. 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 2018/19, to maximise the award of the relief to businesses in Swansea, an automatic award process was followed and it is recommended that the same process is followed for the 2019/20 scheme using the following criteria:
- (i) HSRRR is applied without the need for a formal application where it is possible for the authority to identify, to its satisfaction, 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. Implementation of the Scheme

4.1 WG has provided the following to authorities:

- Guidance for the HSRRRS
- A certificate of acceptance form to confirm the estimated number of properties that will benefit from the scheme

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

4.3 The most recent estimates suggest approximately 1100 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 using an automatic award process will assist with this additional burden.

5. 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 £2,000,000 has been allocated to the Authority. Any award made in excess of the funding may have to be met by the Authority.

5.2 In previous years WG have provided a grant to the authority to support the administration and marketing costs of the relief. No details of whether such a grant will again be provided this year have been received as of the date this report was written. However, given the level of financial benefits to the businesses in the Swansea area, it is considered that this should not prevent the authority adopting the scheme.

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. Legal Implications

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

7. 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 HSRRRS 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:

EIA Screening

Appendices:

Appendix 1 - Non-domestic Rates High Street and Retail Rates Relief in Wales 2019-20 Guidance