

EXECUTIVE SUMMARY

CABINET

14TH MARCH 2022

BUSINESS RATES – RETAIL, LEISURE AND HOSPITALITY RATES RELIEF SCHEME 2022/23

1. Background

- 1.1. As a result of the national non-domestic rates revaluation many ratepayers were faced with an increase in their rates liability with effect from 1st April 2017. Some increases were very significant. To support ratepayers Welsh Government introduced a Transitional Relief scheme whereby ratepayers that occupy small premises (less than £12,000 Rateable Value) and receive Small Business Relief in 2016/17 will have any increase arising from the revaluation, “dampened”. i.e. the increase is limited to 25% in 2017/18, 50% in 2018/19 and 75% in 2019/20.
- 1.2. In addition to the Transitional Relief scheme, which ended in 2019/20 Welsh Government also introduced a “High Street Rate Relief scheme” for 2017/18, 2018/19, 2019/20 2020/21 and 2021/22
- 1.3. Unlike previous years, the 2019-20 scheme was not limited to high street premises but included all properties within Wales meeting the wider retail criteria.
- 1.4. In response to the Coronavirus emergency in 2020/21 Welsh Government announced that it would introduce the Retail, Leisure and Hospitality Rates Relief scheme to increase the discount to 100%, This scheme also applied in 2021/22 and in addition to retail sector, extend it to include leisure and hospitality sectors for example shops, pubs and restaurants, gyms, performance venues and hotels.
- 1.5. Welsh Government has recently confirmed it 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 2022-23.
- 1.6. However, unlike the previous 2 years the scheme aims to provide support for eligible occupied properties by offering a discount of 50% on non-domestic rates bills for 2022/23.
- 1.7. 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.
- 1.8. Welsh Government has indicated the types of business that they consider appropriate for this relief, and those which are not. The non-exhaustive list of business types is given in **Appendix A**
- 1.9. This is a temporary measure which means Welsh Government is not making any legislative changes but instead will allow billing authorities to grant relief under the general discretionary relief powers available under section 47 of the Local Government (Finance) Act 1988. However, being a discretionary power, it is necessary for the Local Authority to formally adopt the scheme.

1.10. The scheme is fully funded and therefore at no cost to the authority provided relief is granted in accordance with the Welsh Government guidelines.

2. Retail, Leisure and Hospitality Rates Relief scheme 2022/23

2.1. The Welsh Government will provide grant funding to the 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible ratepayers for 2022-23.

2.2. The scheme aims to provide support for eligible occupied properties by offering a discount of 50% on the non domestic rates bill for a property, to all eligible premises.

2.3. 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.

2.4. All businesses are required to make an application for the relief and a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities.

2.5. If, for any reason, an authority is unable to provide this relief to eligible businesses from 1 April 2022, consideration should be given to notifying eligible businesses that they qualify for the relief and that their bills will be recalculated.

3. Other Factors

3.1. The scheme guidelines also confirm that there are a number of further types of hereditaments which the Welsh Government believes should not be eligible for relief:

- i. Hereditaments with a rateable value of more than £500,000
- ii. Not reasonably accessible to visiting members of the public
- iii. Hereditaments that are not occupied
- iv. Hereditaments that are owned, rented or managed by a local authority

The list is shown at **Appendix A**

3.2. As the granting of relief is discretionary, authorities may choose not to grant the relief if they consider that it would go against the authority's wider objectives for the local area.

3.3. Qualifying properties must be occupied and used *wholly or mainly* for the qualifying purpose, it is therefore a test on use rather than occupation.

3.4. Relief will be granted to each eligible business as a reduction to its rates bill, based on occupation between 1.4.22 and 31.3.23.

3.5. Ratepayers who occupy more than one property will be entitled to Relief for each of their eligible properties up to a cap of £110 000 across all properties occupied by the same business across Wales.

3.6. 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.

3.7. In instances where the local authority is notified retrospectively of change of occupier, if it is clear that the ratepayer was in occupation on or after 1.4.22, the local authority may use its discretion in awarding relief.

- 3.8. Empty properties becoming occupied after 1.4.22 will qualify for this relief.
- 3.9. If there is a change in occupier part way through the financial year, after relief has already been awarded to the hereditament, the new occupier will qualify for the relief on a pro-rata basis if they operate in the retail, leisure or hospitality sectors.
- 3.10. 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.
- 3.11. Hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.
- 3.12. A business with a single property with a remaining liability (after reliefs) greater than £220,000 can use the entire allocation of relief. No other properties owned by that business will be eligible for the scheme.
- 3.13. The total amount of government funded relief available for each property under the scheme for 2022-23 is 50% of the remaining bill, after mandatory reliefs 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. Retail, Leisure and Hospitality Rates Relief should be applied against the net bill after other reliefs have been applied.
- 3.14. Ratepayers will be able to opt out of receiving the relief if they are of a view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such would be inclined to not accept the relief.
- 3.15. Following the end of the transition period for the UK leaving the European Union on 31st December 2020, EU State Aid regulations only apply in limited circumstances. As relief is not funded by EU residential funds, EU State Aid regulations no longer apply for this scheme. As of 1st 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.

4. Scheme Adoption

4.1. As this is a temporary measure Welsh Government are providing the relief by reimbursing local authorities that use their discretionary powers under Section 47 of the Local Government Finance Act 1988, it is appropriate for the Council to formally adopt the scheme.

It is therefore recommended that:

- a) The Retail Leisure and Hospitality Rates Relief Scheme be adopted for 2022/23
- b) Relief be granted in accordance with the Welsh Government guidelines
- c) Applications that are not specifically covered by the guidelines or otherwise require specific consideration, to be determined by the Cabinet Member for Resources

REPORT ATTACHED?

Appendix A - Qualifying & Non-Qualifying Premises (extract from Welsh Government Guidelines)

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **Chris Moore** Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	YES	YES	NONE	NONE	NONE	NONE

2. Legal

The decision on whether or not to adopt these schemes is a Cabinet function.

3. Finance

The relief granted under the scheme is fully funded, provided Welsh Government guidelines in terms of qualifying ratepayers, are adhered to.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **Chris Moore** Director of Corporate Services

1. Scrutiny Committee - N/A
2. Local Member(s) - N/A
3. Community / Town Council - N/A
4. Relevant Partners - N/A
5. Staff Side Representatives and other Organisations - N/A

CABINET MEMBER PORTFOLIO HOLDER AWARE/CONSULTED	Yes
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Business Rates – High Street Rate Retail Scheme (various documents)	N/A	File Plan (Finance/Local Taxation/Retail Rate Relief)