

**CABINET**  
**27<sup>TH</sup> MARCH 2023**

**Business Rates – Retail, Leisure and Hospitality Rates Relief  
Scheme 2023/24**

**Purpose:**

To consider the adoption of a rate relief scheme being made available to billing authorities by Welsh Government for 2023/24

**RECOMMENDATIONS / KEY DECISIONS REQUIRED:**

It is recommended that the 2023/24 Retail Leisure and Hospitality Rates Relief scheme outlined in this report be adopted by Cabinet.

**REASONS:**

The proposed scheme will reduce the 2023/24 business rates liability for qualifying businesses, at no cost to the Authority.

<b>Cabinet Decision Required</b>	<b>YES</b>
<b>Council Decision Required</b>	<b>No</b>

**Directorate: Corporate Services**

**Cabinet Member:**

**Cllr. Alun Lenny**

**Name of Head of Service:**

**Helen Pugh**

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**Designations:**

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# EXECUTIVE SUMMARY

## Business Rates – Retail, Leisure and Hospitality Rates Relief Scheme 2023/24

### **1. Background**

- 1.1. In 2017/18 Welsh Government introduced a “High Street Rate Relief scheme” for eligible businesses and the scheme continued for 2018/19, 2019/20 2020/21 and 2021/22.
- 1.2. 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.
- 1.3. 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 across Wales.
- 1.4. However, the scheme for 2022/23, unlike the previous 2 years provided support for eligible occupied properties by offering a discount of 50% on non-domestic rates bills for 2022/23.
- 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 2023-24.
- 1.6. However, for 2023/24 the scheme will provide a discount of 75% discount for eligible occupied properties.
- 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 2023/24**

- 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 2023-24.

- 2.2. The scheme aims to provide support for eligible occupied properties by offering a discount of 75% 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 2023, 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. Not reasonably accessible to visiting members of the public
  - ii. Hereditaments that are not occupied
  - iii. Hereditaments that are owned, rented or managed by a local authorityThe 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 1.4.23 and 31.3.24.
- 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 1.4.23, the local authority may use its discretion in awarding relief.
- 3.8. Empty properties becoming occupied after 1.4.23 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 £146,665 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 2023-24 is 75% 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. As of 4<sup>th</sup> January 2023, the new UK subsidy control regime commenced with the coming into force of the Subsidy Control Act 2022. The Retail Leisure and Hospitality Rates Relief Scheme is likely to be a subsidy under the new regime. Any relief provide by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations.
- 3.15. No ratepayer can exceed the £110,000 cash cap across all of their hereditaments in Wales. Where the ratepayer has a qualifying connection with another ratepayer they will be considered as one ratepayer for the purpose of the cash caps.
- 3.16. 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 a holding company and its subsidiaries to receive up to £315,000 in a 3 year period (consisting of 23/24 and two previous financial years).
- 3.17. Local Authorities in Wales are required to ask the ratepayer, on a self-assessment basis, to declare as part of the application for relief that they are not in breach of the cash cap or MFA limit.

#### **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 2023/24
- 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

<b>DETAILED REPORT ATTACHED?</b>	<b>No</b>
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# 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
<b>NONE</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## 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 request for pre-determination**

N/A

**If yes include the following information: -**

**Scrutiny Committee**

**Date the report was considered:-**

**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

**ection 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
<b>Business Rates – High Street Rate Retail Scheme</b> (various documents)	N/A	<b>File Plan (Finance/Local Taxation/Retail Rate Relief)</b>

## **Appendix A -**

### **Qualifying & Non-Qualifying Premises (extract from Welsh Government Guidelines)**

*“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).*

#### **i. 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
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale or hire)
- Second hand car lots

#### **ii. 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, eg. 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

#### **iii. 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

*It is intended that, for the purposes of this scheme assembly and leisure will mean the following (subject to the other criteria in this guidance).*

**iv. 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
- Sports and leisure facilities
- Gyms
- Tourist attractions
- Museums and art galleries
- Stately homes and historic houses
- Theatres
- Live Music Venues
- Cinemas
- Nightclubs

**v. Hereditaments that are being used for the assembly of visiting members of the public**

- Public Halls
- Clubhouses, clubs and institutions

*It is intended that, for the purposes of this scheme hotels, guest and boarding premises and self catering accommodation to mean (subject to the other criteria in this guidance).*

**vi. 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

“The list set out above 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 this 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”

**Types of hereditaments that are not considered to be eligible for the high street relief**

The list below 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 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 below and if they would not be eligible for relief under the scheme.

**i. 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, pawn brokers)
- Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)
- Post office sorting office
- Children's play centres
- Day nurseries
- Kennels and catteries
- Casino and gambling clubs
- Show homes and marketing suites
- Employment agencies

There are a number of further types of hereditaments which the Welsh Government believes should not be eligible for the high street relief scheme:

**ii. Hereditaments that are 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**