

EXECUTIVE BOARD

12TH APRIL 2021

BUSINESS RATES – RETAIL, LEISURE AND HOSPITALITY RATES RELIEF SCHEME 2021/22

Purpose:

To consider the adoption of a rate relief scheme being made available to billing authorities by Welsh Government for 2021/22

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

It is recommended that the 2021/22 Retail Leisure and Hospitality Rates Relief scheme outlined in this report be adopted by Executive Board

REASONS:

The proposed scheme will reduce the 2021/22 business rates liability for qualifying businesses, at no cost to the Authority.

Relevant scrutiny committee to be consulted - NA

Exec Board Decision Required YES

Council Decision Required No

Directorate: Corporate Services

Executive Board Member:

Cllr. David Jenkins

Name of Head of Service:

Helen Pugh

Report Author:

Ann Thomas

Designations:

Head of Revenues & Financial
Compliance

Revenue Services Manager

Tel No.

01267 246223

01554 742126

E Mail Address:

HLPugh@ Carmarthenshire.gov.uk

AnThomas@sirgar.gov.uk

EXECUTIVE SUMMARY

Executive Board

12th April 2021

Business Rates – Retail, Leisure and Hospitality Rates Relief Scheme 2021/22

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 and to support ratepayers Welsh Government introduced a 'Transitional Relief Scheme' whereby ratepayers that occupy small premises (less than £12,000 Rateable Value) and in receipt of '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 and 2020/21. 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', which in effect replaced the 'High Street Rate Relief Scheme', to increase the discount to 100%, 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.
- 1.4. Welsh Government has recently confirmed that the Retail, Leisure and Hospitality Rates Relief Scheme Rate Relief scheme will be extended to 2021/22.
- 1.5. 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**
- 1.6. 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.
- 1.7. 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 2021/22

- 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 2021-22.
- 2.2. The scheme aims to provide support for eligible occupied properties by offering a discount of 100% on the non domestic rates bill for a property, to all eligible premises.
- 2.3. The scheme will apply to all eligible ratepayers with a rateable value of £500,000 or less

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

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* used 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 1.4.21 and 31.3.22.
- 3.5. Ratepayers who occupy more than one property will be entitled to Relief for each of their eligible properties.
- 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. Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties.
- 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 1.4.21, the local authority may use its discretion in awarding relief.
- 3.8. Empty properties becoming occupied after 1.4.21 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.
- 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. Ratepayers that occupy premises with a Rateable Value exceeding £500,000 will not qualify for this relief.
- 3.13. The total amount of government funded relief available for each property under the scheme for 2021-22 is 100% 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 Relief Scheme be adopted for 2021/22
- 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 Executive Board Member for Resources

DETAILED REPORT ATTACHED?

No

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 Resources

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 an Executive 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 Resources

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

**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)

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

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
- Cinemas
- 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).

i 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

ii. 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).

i 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.

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 with a rateable value of more than £500,000

iii. Hereditaments that are not reasonably accessible to visiting members of the public

iv. Hereditaments that are not occupied

v. Hereditaments that are owned, rented or managed by a local authority