

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

5th March 2019

**REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance**

**SUBJECT: High Street and Retail Rates Relief Scheme in Wales
2019-20**

REPORT FOR: Decision

1. Introduction

- 1.1 The Welsh Government introduced a temporary Business Rates high street relief scheme back in 2017-18 to support rate-payers within the retail sector in Wales. The scheme also operated during 2018-19.
- 1.2 The Welsh Government have announced that a Business Rates high street and retail rates relief scheme will be available for the financial year 2019-20 to support businesses within the retail sector in Wales. Properties that will benefit from this relief will be occupied retail properties such as shops, pubs and restaurants with a rateable value of £50,000 or less on 1 April 2019.
- 1.3 The funding will be provided by way of a Welsh Government Grant, and the sum of up to **£1,080,000** is being made available to the Council to award to Powys ratepayers during the financial year 2019-20. This funding is a significant increase on previous funds (£155,000) due to Welsh Government extending current scheme to ALL retailers and not restricting to those within a high street, coupled with an increase in maximum relief per ratepayer increasing.
- 1.4 The maximum relief available per property in 2019-20 will be **£2,500**, a substantial increase from the maximum relief available in 2018-19 which was £750.

2. Proposal for High Street and Retail Rates Relief Scheme 2019-20

- 2.1 The Welsh Government will provide relief of up to £2,500 to eligible retailers occupying premises with a rateable value of up to £50,000 in the financial year 2019-20, subject to State Aid limits. The relief is available from 1 April 2019 to 31 March 2020.
- 2.2 The high street and retail rates relief can be provided in addition to Small Business Rates Relief, Transitional Relief as well as any hardship or discretionary relief awarded by the local authority. The relief will be applied against the net bill after other reliefs have been applied. Where the net bill after all other reliefs is less than £2,500 the relief granted will be equal to net rates bill for 2019-20. Once the relief has been granted a business rates demand will

be issued showing the amount of relief granted and the reduced liability to pay for 2019-20.

2.3 The relief will be calculated on a daily basis. The following formula will be used to determine the amount of relief to be granted to a property:

- Amount of relief to be granted = **A x (B / C)**

Where:

A is the funding amount of £2,500

B is the number of days in the financial year that the property is eligible for the relief; and

C is the number of days in the financial year.

2.4 Relief will be granted to businesses as a one-off payment based on occupation as at 31 March 2019 (provided the same occupier continues to be in occupation on 1 April 2019).

2.5 Empty properties that become occupied after 1 April 2019 will qualify for the relief. 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 using the above formula.

2.6 The scheme will be administered by Powys County Council as a 'reimbursing local authority' that uses discretionary relief powers (under section 47 of the Local Government Finance Act 1988). It will be for individual local billing authorities to decide to grant relief under section 47 but the Welsh Government will reimburse local authorities for the relief that is provided (using a grant under s31 of the Local Government Act 2003).

2.7 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.

2.8 The high street and retail rates relief scheme qualifying criteria being:

- The rateable value is between £6,001 and £50,000 for the financial year 2019-20
- The property is occupied for retail purposes as at 31 March 2019 (and same occupier continues to be in occupation on 1 April 2019)
- The property is reasonably accessible to visiting members of the public
- The maximum amount of relief is £2,500 within financial year 2019-20
- Any sum of this award and any other funding must be less than the state aid de minimis (currently 200,000 Euros over a three year period)

2.9 The premises must be wholly or mainly being used as a retail shop, pub, restaurant or cafe. This is a test on use rather than occupation. Therefore properties which are occupied but not wholly or mainly used for retail purposes will not qualify for the relief.

2.10 There are certain types of properties that, in compliance with the Welsh Government guidance, the Council will exclude the ratepayer from high street and retail rates relief, these are as follows:

- The property is not occupied on 1 April 2019
- The property is not reasonably accessible to visiting members of the public (even if there is ancillary use of the property which is retail)
- The property is in receipt of mandatory charitable relief (80%)

In addition, and in compliance with the Welsh Government guidance, the Council will deem that the types of uses below (or those similar in use) are not considered to be high street retail use for the purpose of this relief. Therefore they would not be eligible for the relief. Excluded uses are:

- Financial services (e.g. banks, building societies, cash points / ATMs, bureau de change, payday lenders, betting shops, pawn brokers)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents / financial advisers, tutors)
- Post office sorting office
- Tourism accommodation such as B&Bs, hotel accommodation and caravan parks
- Sports clubs
- Children's play centres
- Day nurseries
- Outdoor activity centres
- Gyms
- Kennels and catteries
- Show homes and marketing suites
- Employment agencies

2.11 The Council will be reimbursed in full by Welsh Government for any relief that is awarded, in other words if correctly applied there will be no direct cost to the Council.

2.12 As the scheme has qualifying criteria and awards are to be granted under discretionary relief powers (contained within section 47 of the Local Government Finance Act 1988) it is proposed that:

- Ratepayers who received high street rates relief in 2018-19 and remain in occupation as at 1st April 2019 automatically be granted high street and retail rates relief for financial year 2019-20, at appropriate rate.
- New applications (upon receipt of a valid application form for High Street and retail rates relief 2019-20) the decision to award relief be made by the Portfolio Holder for Finance in consultation with the Head of Financial Services, provided all terms of the scheme are met.

2.13 Guidance notes regarding the scheme are shown in **Appendix 1** to this report.

3. One Powys Plan

- 3.1 The high street and retail rates relief scheme for 2019-20 proposes no risk to the Council, and supports the Councils aim to regenerate Town Centres by providing financial support through rates reduction to retailers of commercial premises.

4. Options Considered/Available

Two options to deliver the scheme are available as follows:

- 4.1 Option One – To adopt a high street and retail relief scheme as detailed within section Two, with an automatic award to ratepayers who received the relief in 2018-19, and for the Portfolio holder for Finance in consultation with the Head of Financial Services and (S151 Officer) to make decisions on new applications received which meet all the qualifying criteria of the scheme.
- 4.2 Option Two – To adopt a high street and retail relief scheme as detailed within section Two with an automatic award to ratepayers who received the relief in 2019-20 and for the Income & Awards Senior Manager to make decisions on new applications received which meet all the qualifying criteria of the scheme.

5. Preferred Choice and Reasons

- 5.1 **Option One** is the preferred choice as the relief is to be granted under the local authority's discretionary relief powers contained within section 47 of the Local Government Finance Act 1988. This is in-keeping with all other Business Rates discretionary relief decisions taken. Option One will also ensure the Portfolio Holder is involved in the decision making process whilst working within the policy framework with the advice of the statutory S151 Officer.
- 5.2 By automatically granting this relief to rate-payers that received it during 2018-19, will result in 410 businesses receiving £700,000 thus maximising grant expenditure and minimising the administrative burden on both Powys rate-payers and the Local Authority.

6. Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

- 6.1 There is no impact on Sustainability and Environmental issues/Equalities or Crime.

7. Children and Young People's Impact Statement - Safeguarding and Wellbeing

- 7.1 There is no impact on children and young people

8. Local Member(s)

- 8.1 The relief scheme in respect of Business Rates will apply equally across the whole County.

9. Other Front Line Services

9.1 Front line services have been made fully aware of the temporary scheme to operate during the financial year 2019-20 and how rate payers may submit an application to be considered for the relief.

10. Support Services (Legal, Finance, HR, ICT, BPU)

10.1 Finance commented: The Finance Manager Environment and Resources notes the contents of the report and that the scheme will be funded by Welsh Government grant.

10.2 Legal : “The recommendations can be supported from a legal point of view”

11. Public Service Board/Partnerships/Stakeholders etc

11.1 There are no implications for Public Service Board/Partnerships or stakeholders.

12. Corporate Communications

12.1 Communication Commented, “This issue is of significant public interest and will be promoted widely through all channels including media release and social media.”

13. Statutory Officers

13.1 The Head of Financial Services and Deputy Section 151 officer notes the comments from Finance.

13.2 The Solicitor to the Council (Monitoring Officer) commented : “ I note the legal comments and have nothing to add to the report.”

14. Members’ Interests

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
1. That a Business Rates High Street and retail rates relief scheme 2019-20 be established in accordance with section 2 of this report.	To adopt a high street and retail rates relief scheme for financial year 2019-20 that meets the requirements to maximise funding available, to support local businesses seeking rate relief and is compliant with Welsh Government guidance.
2. Ratepayers that received high street rates relief in 2018-19 and remain in occupation as at 1 April 2019 be automatically granted this relief for financial year 2019-20.	
3. New applications for Business Rates high street and retail rates	

relief 2019-20 under the scheme referred to above shall be delegated to and determined by the Portfolio holder for Finance in consultation with the Head of Financial Services & Section 151 Officer	
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Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

Relevant Local Member(s):	All Members
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Person(s) To Implement Decision:	David Morris Senior Manager Income Awards
Date By When Decision To Be Implemented:	Immediately

Contact Officer Name:	Tel:	Fax:	Email:
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Background Papers used to prepare Report:

Appendix 1

Non-Domestic Rates High Street and Retail Rate Relief in Wales 2019-20 Guidance Note