

CYNGOR SIR POWYS COUNTY COUNCIL

Delegated Decision Port Folio Holder - Finance 19 March 2021

REPORT AUTHOR: David Morris – Income & Awards Senior Manager

SUBJECT: Retail, Leisure and Hospitality Rates Relief Scheme in Wales 2021-22

REPORT FOR: Decision

1. Purpose

- 1.1 To adopt a Business Rates Retail, Leisure and Hospitality Rates Relief scheme for financial year 2021-22 that meets the requirements to maximise funding available, to support Powys businesses during the continuing coronavirus pandemic by granting rate relief which is compliant with Welsh Government guidance.

2. Background

- 2.1 Due to the ongoing coronavirus pandemic and the impact on the economy the Welsh Government have introduced several fiscal measures to support businesses and ratepayers through these unprecedented times. The current Retail, Leisure & Hospitality Rates Relief scheme for 2020-21, has been extended with a further temporary Business Rates Retail, Leisure and Hospitality Rates Relief scheme for the financial year 2021-22.
- 2.2 The Welsh Government have announced that this rates relief scheme will be available for the financial year 2021-22 to support businesses within the retail, leisure and hospitality sector in Wales. Properties that will benefit from this relief will be occupied properties such as shops, pubs, restaurants, gyms, performance venues, hotels, and guest houses. with a rateable value of £500,000 or less. Powys is to receive funding of up to **£11.55m**.
- 2.3 The funding will be provided by way of a Welsh Government Grant, and it is estimated that **1,380** Powys businesses could automatically be awarded the 100% rates relief, estimated at total value of **£11.45m** on their Business Rates annual bills due to be issued in coming days, removing the requirement to pay Business Rates for these Powys businesses for the financial year 2021-22.

3. Proposal

- 3.1 The Welsh Government will provide relief of 100% to eligible businesses occupying premises with a rateable value of up to £500,000 in the financial

year 2021-22. Relief is available from 1 April 2021 to 31 March 2022. The proposal as to how the scheme is to be operated is detailed below in 3.2-3.15.

3.2 The total amount of Retail, Leisure and Hospitality Rates Relief granted to each property is 100% of the remaining bill, after Small Business Rates Relief, Mandatory reliefs and other discretionary reliefs have been applied, excluding those where wider discretionary reliefs have been granted under the Localism Act 2011. The relief will be applied against the net bill after other reliefs have been applied.

3.3 The eligibility for this relief and the relief itself will be assessed and calculated on a daily basis. The following formula will be used to determine the amount of relief to be granted to a property in the financial year:

- Amount of relief to be granted = V , where

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.

3.4 This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.

3.5 Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties. 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.

3.6 As this is a temporary scheme, Welsh Government will provide the relief by reimbursing Local Authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. The Welsh Government will reimburse local authorities for the relief that is provided in line with this guidance via a grant under section 31 of the Local Government Act 2003 and 58A of the Government of Wales Act 2006.

3.7 The Retail, Leisure and Hospitality Rates Relief scheme qualifying criteria being:

- The rateable value is between £1 and £500,000 for the financial year 2021-22, and
- The property is **occupied** for retail, leisure or hospitality purposes between 1 April 2021 and 31 March 2022, and
- The property is being used for the sale of goods to visiting members of the public, or
- The property is being used for the provision of services to visiting members of the public (as contained within the guidance) or
- Properties that are being used for the sale of food and/or drink to visiting members of the public, or

- Properties 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, or
- Properties that are being used for the assembly of visiting members of the public, or
- Properties, where the non-domestic part is being used for the provision of living accommodation as a business.

3.8 To qualify for the relief, the property must be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, this is a test on use rather than occupation. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, properties which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.

3.9 There are certain types of properties that, in compliance with the Welsh Government guidance, the Council will exclude the ratepayer from Retail, Leisure and Hospitality Relief, these are as follows:

- The property is not occupied for any period between 1 April 2021 and 31 March 2022.
- The property is not reasonably accessible to visiting members of the public (even if there is ancillary use of the property which is retail)
- Properties that are owned, rented or managed by a local authority.

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 retail, leisure or hospitality use for the purpose of this relief, and as such 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
- Day nurseries
- Kennels and catteries
- Casino & gambling clubs
- Show homes and marketing suites
- Employment agencies
- Self-storage units

3.10 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.

3.11 Empty properties becoming occupied after 1 April 2021 will qualify for this relief

- 3.12 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 formula in paragraph 3.3 above.
- 3.13 The discount will be applied on a day-to-day basis using the formula set out above. A new property 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.
- 3.14 Having regard to the ongoing challenges Powys businesses continue to face during the coronavirus pandemic, it is essential that the 100% relief to businesses is granted at the earliest opportunity, therefore it is proposed that:
- Relief is automatically granted to retailers, leisure and hospitality businesses where the business or ratepayer is in receipt of the retail, leisure and hospitality relief for 2020-21 as at 31 March 2021
 - Those not automatically granted the relief, will be encouraged to complete a simple on-line form. Applications (upon receipt of a valid application form for Retail Leisure and Hospitality rates relief 2021-22) the decision to award relief be made by the Portfolio Holder for Finance in consultation with the Head of Finance (Section 151 officer), provided all terms of the scheme are met.
 - There may be ratepayers who have been able to continue trading at a substantial level during the coronavirus restrictions and may not wish to accept this relief. Should this be the case ratepayers can opt out of receiving this relief by notifying the council, in writing, and the relief will be removed for 2021-22 and a revised Business Rates bill will be issued.
- 3.15 Guidance notes regarding the scheme are shown in **Appendix 1** to this report.

4 Resource Implications

- 4.1 There are no financial implications to the Council as Welsh Government will reimburse in full for any relief that is awarded, in other words if correctly applied there will be no direct cost to the Council.
- 4.2 The Head of Finance (Section 151 officer) confirms that there are no direct financial implications to the Council in adopting the scheme as long as the Welsh Government guidelines in terms of qualifying ratepayers, are adhered to. The full value of discretionary awards is reimbursed by the Welsh Government.
- 4.3 There are no workforce implications to the Council, as majority of businesses that would receive this relief will have it automatically granted to their 2021-22 annual Business Rates bill with no manual intervention by staff.
- 4.4 Furthermore there are no known ICT, customer services or physical implications. Front line services have been made fully aware of the temporary scheme to operate during the financial year 2021-22 and how ratepayers, where appropriate, submit an application to be considered for the relief.

- 4.5 Corporate Communications Commented, “This relief is of significant public interest and will be promoted widely through all channels including media release and social media”.

5 Legal Implications Options Considered/Available

- 5.1 The report was shared with legal who commented “The recommendations can be supported from a legal point of view”.
- 5.1 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: “I note the legal comment and have nothing to add to the report, I am not aware of any specific interests that may arise in relation to this report”.

6 Data Protection

- 6.1 It is recommended that the relief for 2021-22 will be automatically granted to those businesses that meet the criteria, thus minimising the handling and transferring of personal data.
- 6.2 New applications will be submitted by way of an on-line form, on Councils website, thus minimising the handling and transferring of personal data.

7 Local Member(s)

- 7.1 The relief scheme in respect of Business Rates will apply equally across the whole County. No comments have been received from local members.

8 Integrated Impact Assessment

- 8.1 An impact assessment has not been undertaken, as the relief scheme will apply equally to all businesses that meet the criteria set out in section 3 and **appendix 1**.

9 Recommendation

- 9.1 That a Business Rates Retail, Leisure and Hospitality Rates Relief scheme 2021-22 be established in accordance with section 3 of this report.
- 9.2 Ratepayers that meet the qualifying conditions and remain in occupation as at 1 April 2021 be automatically granted this relief for financial year 2021-22.
- 9.3 New applications for Business Rates retail, leisure and hospitality rates relief 2021-22 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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Background Papers used to prepare Report:

Appendix 1

Non-Domestic Rates Retail, Leisure and Hospitality Rates Relief in Wales 2021-22
Guidance Note