

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

22nd February 2022

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

**SUBJECT: Retail, Leisure and Hospitality Rates Relief Scheme in
Wales 2022-23**

REPORT FOR: Decision

1. Purpose

1.1 To adopt a Business Rates Retail, Leisure and Hospitality Rates Relief scheme for financial year 2022-23 that meets the requirements to maximise funding available, to support Powys businesses to recover from the impacts of the coronavirus pandemic by granting rate relief which is compliant with Welsh Government guidance.

2. Background

2.1 Due to the ongoing challenges faced by businesses and the impact on the economy the Welsh Government have introduced several fiscal measures to support businesses and ratepayers. The current Retail, Leisure & Hospitality Rates Relief scheme for 2021-22, has been extended with a further temporary Business Rates Retail, Leisure and Hospitality Rates Relief scheme for the financial year 2022-23 offering relief of **50%** on Business Rates bills with the total available relief being subject to a cap in the total amount each business can claim across Wales of **£110,000**.

2.2 The Welsh Government have announced that this rates relief scheme will be available for the financial year 2022-23 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. Powys is to receive funding of up to **£3.04m**.

2.3 The funding will be provided by way of a Welsh Government Grant, and it is estimated that **1,200** Powys businesses may be entitled to the 50% rates relief, estimated at total value of £3.04m off their Business Rates bills. Due to the £110,000 cap that has been introduced this year the relief will need to be applied for via an on-line application form.

2.4 All businesses will be required to make a declaration that the amount of relief they are seeking across Wales does not exceed the £110,000 cap.

3. Proposal

- 3.1 The Welsh Government will provide relief of 50% to eligible businesses occupying premises in the financial year 2022-23. Relief is available from 1 April 2022 to 31 March 2023. The proposal as to how the scheme is to be operated is detailed below in 3.2-3.16.
- 3.2 The total amount of Retail, Leisure and Hospitality Rates Relief granted to each property is 50% 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. And having regard to the total relief cap of £110,000.
- 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 = $V/2$, 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 Businesses who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties within the cap of £110,000 per business across Wales. 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 property is **occupied** for retail, leisure, and hospitality purposes between 1 April 2022 and 31 March 2023, 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 2022 and 31 March 2023.
- 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

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 2022 will qualify for this relief, on a pro-rata basis.
- 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 following the coronavirus pandemic, it is essential that the 50% relief available to businesses is promoted via all available channels and it is proposed that:

Applications (upon receipt of a valid application form for Retail Leisure and Hospitality rates relief 2022-23) the decision to award relief be made by the Portfolio Holder for Finance in consultation with the Head of Finance (sct 151 officer), provided all terms of the scheme are met.

- 3.15 Following the end of the transition period for the United Kingdom leaving the European Union on 31 December 2020, EU State Aid regulations only apply in limited circumstances. As the relief is not funded by EU residual funds, EU State Aid regulations no longer apply for this scheme. As of 1 January 2021, the UK Subsidy Regime came into force. The scheme is considered by the Welsh Government to be outside the scope of any international trade agreements as measures are focused locally within Wales
- 3.16 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 Having an online form will minimise the workforce implications to the Council and minimise administration work in awarding the relief upon a completed application form.
- 4.3 The Deputy Head of Finance (Deputy 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.
- 4.4 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 2022-23 and how ratepayers 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 Applications for this relief 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 2022-23 be established in accordance with section 3 of this report.
- 9.2 Applications for Business Rates retail, leisure, and hospitality rates relief 2022-23 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 2022-23
Guidance Note