

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET EXECUTIVE**

**14<sup>th</sup> March 2017**

**REPORT AUTHOR: County Councillor Wynne Jones  
Portfolio Holder for Finance**

**SUBJECT: Business Rates High Street Rates Relief Scheme in  
Wales 2017-18**

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**REPORT FOR: Decision**

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**1. Introduction**

- 1.1 The independent Valuation Office Agency (VOA) has carried out a Business Rates revaluation of business properties across Wales. This is a national issue affecting the whole of England and Wales. The revaluation does not affect domestic properties that pay council tax.
- 1.2 Business rates are set by national legislation and are not under decision making powers of councils who merely collect the business rates and send the income to Welsh Government. This is then redistributed via the local government funding formula.
- 1.3 The VOA's new rateable values arising from the revaluation are assigned to each commercial property and will be used within the calculation of Business Rates liability from 1<sup>st</sup> April 2017. Whilst a revaluation exercise is "cost-neutral" there will inevitably be business rate-payers that see a significant increase to their current rateable value and thus a large change in their annual bill as a result of the national revaluation exercise.
- 1.4 The Welsh Government has introduced transitional relief to mitigate large increases in Business Rates liability, tapering the increase over a three year period. The small business rates relief scheme has also been extended for a further one year, to 31 March 2018. This assists rate-payers with a valuation up to £12,000.
- 1.5 The Welsh Government has further announced that a Business Rates high street rates relief scheme will be available for 2017-18 to support businesses within the retail sector in Wales. Targeting support in this way means the support will be available to eligible businesses. Eligibility will cover those businesses that have seen increases in their liability as a result of revaluation; businesses on high streets where rates are falling but are struggling as a result of economic conditions and competition from online and out-of-town providers. The maximum relief will be £1,500 per rate-payer.

- 1.6 The funding will be provided by Welsh Government Grant of up to £(not yet published) is being made available to the Council to award high street rates relief during the financial year 2017-18.

## **2. Proposal for High Street Rates Relief Scheme 2017-18**

- 2.1 The Welsh Government will provide relief of up to **£500** (Tier 1) and **£1,500** (Tier 2) on the Business Rates bill for occupied retail properties with a rateable value of up to £50,000 in the financial year 2017-18, subject to State Aid limits.
- 2.2 The high street 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 the £500 or £1,500 the relief granted will be equal to net rates bill for 2017-18. Once high street rates relief has been applied for and granted a revised business rates demand will be issued showing amount of relief and the reduced liability to pay for remainder of 2017-18.
- 2.3 Relief will be granted to businesses as a one-off payment based on occupation as at 31 March 2017 (provided the same occupier continues to be in occupation on 1 April 2017).
- 2.4 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).
- 2.5 A "High Street Retailer" has not been prescribed by Welsh Government, the council will deem properties located in out of town retail parks, out of town shopping centres, and industrial estates as ineligible because they are not considered to comprise the "high street" for the purposes of this relief. Retailers that operate outside of retail parks and industrial estates will be eligible provided they meet criteria set out below.
- 2.6 The 'high street rates relief scheme' has **two tiers** of relief, both with qualifying criteria being:

### **Tier 1 - Maximum £500**

- The Rateable Value is between £6,001 and £12,000\*
- The property is occupied for retail purposes as at 31 March 2017 ( and same occupier continues to be in occupation on 1 April 2017)
- In receipt of small business rates relief and/or transitional relief on 1 April 2017
- The maximum amount of relief is £500 within financial year 2017-18
- 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)

\*There will be a small number of ratepayers with a rateable value of £12,000 or above who are in receipt of Transitional Relief. These ratepayers will also qualify for Tier 1 relief.

### **Tier 2 - £1,500**

- The Rateable Value is between £12,001 and £50,000
  - The property is occupied for retail purposes as at 31 March 2017 and the same occupier continues to be in occupation on 1 April 2017)
  - Not in receipt of small business rates relief or transitional relief on 1 April 2017
  - 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)
- 2.7 The premises must be wholly or mainly being used as retail premises, within the “high street” and it is the intention that retail premises covers “shops, restaurants, cafes and drinking establishments”.
- 2.8 There are certain types of properties that, in compliance with the Welsh Government guidance, the Council will exclude the rate-payer from high street rates relief, these are as follows:
- The property is not occupied on 1 April 2017
  - The property is not reasonably accessible to visiting members of the public
  - The property is located in an out of town Retail Park or an industrial estate.
  - 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 not to be eligible for the relief. Excluded uses covered by the Welsh Government guidance 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

2.9 The Council will be re-imbursed in full by Welsh Government for any relief that is awarded through the audited annual National Non Domestic Rates Return. In other words if correctly applied there will be no direct cost to the Council.

2.10 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 upon receipt of a valid application form for High Street rates relief the decision to award relief be made by the Portfolio Holder for Finance in consultation with the Strategic Director - Resources provided all terms of the scheme are met.

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

### **3. One Powys Plan**

3.1 The high street rates relief scheme for 2017-18 proposes no risk to the Council, and supports the Councils aim to regenerate Town Centres by providing financial support through rates reduction to high street retail 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 relief scheme as detailed within section Two, and for the Portfolio holder for Finance in consultation with the Strategic Director – Resources (S151 Officer) to make decisions on valid applications received which meet all the terms of the scheme.

4.2 Option Two – To adopt a high street relief scheme as detailed within section Two and for the Income & Awards Manager to make decisions on valid applications received which meet all the terms 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.

**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 new scheme and how rate payers submit an application to be considered for the relief.

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

10.1 Finance commented: If delivered within the agreed policy framework the High Street rates relief scheme for 2017-18 proposes no risk to the Council and therefore is supported by the finance service

10.2 The Professional Lead-Legal notes “the aim of this report as being consistent with present legislation and policy and that the legal services will lend assistance when and where required to help implement its aims”

**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 “The report is of public interest and requires a proactive news release and use of social media to confirm the decision”.

**13. Statutory Officers**

13.1 The Strategic Director Resources (S151 Officer) notes the comments made by Finance and supports the proposed policy based approach.

13.2 The Solicitor to the Council (Monitoring Officer )commented : I am satisfied with the report and have nothing to add

## 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.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>1. That a Business Rates High Street Rates Relief Scheme 2017-18 be established in accordance with section 2 of this report.</b> <b>2. Applications for Business Rates High Street Rates Relief under the scheme referred to above shall be delegated to and determined by the Portfolio holder for Finance in consultation with the Strategic Director – Resources</b>	<b>To ensure the scheme meets the requirements to maximise funding available to support local businesses seeking rate relief and complies with Welsh Government guidance.</b>

<b>Relevant Policy (ies):</b>			
<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>Y</b>

<b>Relevant Local Member(s):</b>	<b>All Members</b>
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<b>Person(s) To Implement Decision:</b>	<b>Strategic Director - Resources</b>
<b>Date By When Decision To Be Implemented:</b>	<b>Immediately</b>

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
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### **Background Papers used to prepare Report:**

#### **Appendix 1**

Non-Domestic Rates High Street Rate Relief Guidance Note