

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

19th June 2018

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

**SUBJECT: Business Rates High Street Rates Relief Scheme in
Wales 2018-19**

REPORT FOR: Decision

1. Introduction

- 1.1 The Welsh Government introduced a Business Rates high street relief scheme for the financial year 2017-18 to support rate-payers within the retail sector in Wales, resulting in the Council granting relief of **£252,000** to **403** Powys ratepayers.
- 1.2 The Welsh Government have announced that a further Business Rates high street rates relief scheme will be available for the financial year 2018-19 to support businesses within the retail sector in Wales. Properties that will benefit from this relief will be occupied high street properties such as shops, pubs restaurants and, with a rateable value of £50,000 or less on 1 April 2018.
- 1.3 The funding will be provided by a Welsh Government Grant, and the sum of up to **£152,500** is being made available to the Council to award high street rates relief to Powys ratepayers during the financial year 2018-19.
- 1.4 The maximum relief available per property in 2018-19 will be £750, a reduction from the maximum relief available in 2017-18 which was £1,500.

2. Proposal for High Street Rates Relief Scheme 2018-19

- 2.1 The Welsh Government will provide two tiers of Business Rates relief, depending on the rateable value of the property, of up to **£250** (Tier 1) and **£750** (Tier 2) to eligible high street retailers occupying premises with a rateable value of up to £50,000 in the financial year 2018-19, subject to State Aid limits. The relief is available from 1 April 2018 to 31 March 2019.
- 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 £250 or £750 the relief granted will be equal to net rates bill for 2018-19. Once high street rates relief has been granted a revised business rates demand will be issued showing the amount of relief granted and the reduced liability to pay for remainder of 2018-19.

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 for Tier 1 or Tier 2

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 2018 (provided the same occupier continues to be in occupation on 1 April 2018).

2.5 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).

2.6 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, industrial estates and enterprise parks 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.

2.7 The 'high street rates relief scheme' has **two tiers** of relief, both with qualifying criteria being:

Tier 1 - Maximum £250

- The rateable value is between £6,001 and £12,000* for the financial year 2018-19
- The property is occupied for retail purposes as at 31 March 2018 (and same occupier continues to be in occupation on 1 April 2018)
- In receipt of small business rates relief and/or transitional relief on 1 April 2018
- The maximum amount of relief is £250 within financial year 2018-19
- 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 - £750

- The rateable value is between £12,001 and £50,000 for the financial year 2018-19

- The property is occupied for retail purposes as at 31 March 2018 and the same occupier continues to be in occupation on 1 April 2018 (and has been continuously liable for the business rates at property since 1 April 2017)
- Not in receipt of small business rates relief or transitional relief on 1 April 2018
- Had an increase in their liability on 1 April 2017 as a result of the 2017 Revaluation
- 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)

2.8 The premises must be wholly or mainly being used as a 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.

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

- The property is not occupied on 1 April 2018
- Property has a change in occupier after 1 April 2018, the new occupier will not qualify for the relief
- 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 located in an out of town retail park, industrial estate or enterprise park.
- 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

2.10 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.

2.11 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 2017-18 and remain in occupation as at 1st April 2018 automatically be granted high street rates relief for financial year 2018-19, at appropriate Tier rate.
- New applications (upon receipt of a valid application form for High Street rates relief 2018-19) 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.

2.12 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 2018-19 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, with an automatic award to ratepayers who received the relief in 2017-18, and for the Portfolio holder for Finance in consultation with the Head of Finance and (S151 Officer) to make decisions on new 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 with an automatic award to ratepayers who received the relief in 2017-18 and for the Income & Awards Manager to make decisions on new 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.

- 5.2 By automatically granting the relief to rate-payers that received it during 2017-18 will both maximise take-up and minimise the administrative burden of this temporary relief scheme.

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 2018-19 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: It has been confirmed that the high street rates relief scheme poses no financial risk to the Council, any relief that is awarded will be reimbursed in full by Welsh Government.

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 "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 Head of Financial Services and acting sct 151 officer notes the comments from finance.

13.2 The Solicitor to the Council (Monitoring Officer)commented as follows : “ 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:
<p>1. That a Business Rates high Street rates relief scheme 2018-19 be established in accordance with section 2 of this report.</p> <p>2. Ratepayers that received high street rates relief in 2017-18 and remain in occupation as at 1 April 2018 automatically be granted this relief for financial year 218-19.</p> <p>3. New applications for Business Rates high street rates relief 2018-19 under the scheme referred to above shall be delegated to and determined by the Portfolio holder for Finance in consultation with the Head of Finance & sct 151 Officer</p>	<p>To adopt a high street rates relief scheme for financial year 2018-19 that meets the requirements to maximise funding available, to support local businesses seeking rate relief and complies with Welsh Government guidance.</p>

Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

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

Contact Officer Name:	Tel:	Fax:	Email:
A M Griffiths	01874 623309		andrewg@powys.gov.uk

Background Papers used to prepare Report:

Appendix 1

Non-Domestic Rates High Street Rate Relief in Wales 2018-19 Guidance Note