

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

27th February 2024

REPORT AUTHOR: County Councillor David Thomas
Portfolio Holder for Finance

SUBJECT: Retail, Leisure and Hospitality Rates Relief Scheme in
Wales 2024-25

REPORT FOR: Decision

1. Purpose

- 1.1 To adopt a Business Rates Retail, Leisure and Hospitality Rates Relief scheme for financial year 2024-25, to support Powys businesses with the ongoing economic challenges including increased inflation rates, by granting rate relief which is compliant with Welsh Government guidance.

2. Background

- 2.1 Due to the ongoing economic challenges faced by businesses and the impact on the economy the Welsh Government have introduced several measures to support businesses. The current Retail, Leisure and Hospitality Rates Relief scheme for 2023-24, which offers relief of 75%, has been extended with a further temporary Business Rates Retail, Leisure and Hospitality Rates Relief scheme for the financial year 2024-25 offering rates relief of **40%** 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 2024-25 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, sport & leisure facilities, hotels, guest houses and caravan parks. Registered charities, not for profit organisations and Community Amateur Sports Clubs operating within the retail leisure and hospitality sector are eligible to apply for this relief.
- 2.3 Powys is to receive funding of up to **£3.288 million**. The funding will be provided by way of a Welsh Government Grant, and it is estimated that **1,000** Powys businesses may be entitled to the 40% rates relief, estimated at a total value of £3.288 million off their Business Rates bills. Due to the £110,000 cap, 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, within the application, 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 40% to eligible businesses occupying premises in the financial year 2024-25. Relief is available from 1 April 2024 to 31 March 2025. The proposal as to how the scheme is to operate 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 40% 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 amount of 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 = $V \times 0.40$, 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 will be calculated by ignoring any prior-year adjustments in liabilities which fall to be liable on the day.
- 3.5 Businesses that 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. Where a ratepayer has a “Qualifying connection” with another ratepayer they will be considered as one for the purpose of the relief cap. 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 2024 and 31 March 2025, 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.

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 2024 and 31 March 2025.
- 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 2024 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 because 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, it is essential that the 40% relief available to businesses is promoted through all available channels and it is proposed that:
- Applications (upon receipt of a valid application form for Retail Leisure and Hospitality rates relief 2024-25) 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.
 - An appeal against a decision to reject or restrict the relief must be made in writing within 28 days of the notification of the original decision. The appeal must set out the grounds of the appeal and shall be considered by the appeal panel, which is made up of members of the Cabinet.
- 3.15 As of 4 January 2023, the new UK subsidy control regime commenced, when the Subsidy Control Act 2022 came into force. This relief scheme is likely to be a subsidy under the new regime. Any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations.

To the extent that a local authority is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act 2022 allows an economic actor (e.g., a holding company and its subsidiaries) to receive up to £315,000 in a 3-year period (consisting of the 2024-25 year and the two previous financial years). Previous iterations of the RLHRR scheme in Wales were not provided as a subsidy. Local authorities should ask the ratepayers, on a self-assessment basis, to declare as part of their application for RLHRR that they are not in breach of the cash cap or MFA limit.

It is the responsibility of the local authority to comply with all relevant subsidy control provisions, including MFA procedure and transparency requirements.

- 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, if correctly applied meaning there will be no direct cost to the Council.
- 4.2 An online form will minimise the workforce implications to the Council and minimise administration work in awarding the relief upon a completed application form being received.
- 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 provided the Welsh Government guidelines in terms of qualifying ratepayers, are adhered to. The full value of discretionary awards provided under this scheme will be reimbursed by the Welsh Government. Subsidy Control requirements will be monitored to ensure we remain compliant, i.e., Minimal Financial Assistance thresholds are not breached and awards over £100,000 are declared.
- 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 2024-25.
- 4.5 Corporate Communications commented, "This relief is of significant public interest to Powys businesses within these sectors and will be promoted widely through all available channels including press 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".
- 5.2 The Head of Legal and 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 2024-25 be established in accordance with section 3 of this report.

9.2 Applications for Business Rates retail, leisure, and hospitality rates relief 2024-25 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 (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 2024-25
Guidance Note