

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

3rd March 2020

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: High Street and Retail Rates Relief Scheme in Wales
2020-21

REPORT FOR: Decision

1. Purpose

- 1.1 To adopt a high street and retail rates relief scheme for financial year 2020-21 that meets the requirements to maximise funding available, to support local businesses seeking rate relief and is compliant with Welsh Government guidance.

2. Background

- 2.1 The Welsh Government introduced a temporary Business Rates high street relief scheme back in 2017-18 to support ratepayers within the retail sector in Wales. The scheme has continued to operate during subsequent financial years.
- 2.2 The Welsh Government have announced that a Business Rates high street and retail rates relief scheme will be available for the financial year 2020-21 to support businesses within the retail sector in Wales. Properties that will benefit from this relief will be occupied retail properties such as shops, pubs and restaurants with a rateable value of £50,000 or less on 1 April 2020.
- 2.3 The funding will be provided by way of a Welsh Government Grant, and the sum of up to **£1,080,000** is being made available to the Council to award to Powys ratepayers during the financial year 2020-21.
- 2.4 The maximum relief available per property in 2020-21 will be **£2,500**, the same figure of relief available in 2019-20. During the 2019-20 year, 605 Powys businesses were granted a share of £1,048,000 being 97% of available grant.

3. Proposal

- 3.1 The Welsh Government will provide relief of up to £2,500 to eligible retailers occupying premises with a rateable value of up to £50,000 in the financial year 2020-21, subject to State Aid limits. The relief is available from 1 April 2020 to 31 March 2021. The proposal as to how the scheme is to be operated is

detailed below in 3.2-3.14.

3.2 The high street and retail 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 £2,500 the relief granted will be equal to net rates bill for 2020-21. Once the relief has been granted a business rates demand will be issued showing the amount of relief granted and the reduced liability to pay for 2020-21.

3.3 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 = $A \times (B / C)$

Where:

A is the funding amount of £2,500

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.

3.4 Relief should be granted to businesses as a payment based on occupation between 1 April 2020 and 31 March 2021.

3.5 Empty properties that become occupied after 1 April 2020 will qualify for the relief. 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 above formula.

3.6 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).

3.7 As in 2019-20, the 2020-21 scheme is available to both high street premises And premises that meet the wider retail criteria (being retailers located away from high street).

3.8 The high street and retail rates relief scheme qualifying criteria being:

- The rateable value is between £6,001 and £50,000 for the financial year 2020-21
- The property is occupied for retail purposes between 1 April 2020 and 31 March 2021.
- The property is reasonably accessible to visiting members of the public
- The maximum amount of relief is £2,500 within financial year 2020-21

- 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)

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

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

- The property is not occupied for any period between 1 April 2020 and 31 March 2021.
- 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 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 retail 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
- 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
- Self-storage units

3.11 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.

3.12 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 and retail rates relief in 2019-20 and remain in occupation as at 1st April 2020 automatically be granted high street and retail rates relief for financial year 2020-21, at appropriate rate.
 - New applications (upon receipt of a valid application form for High Street and retail rates relief 2020-21) 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.
- 3.13 Guidance notes regarding the scheme are shown in **Appendix 1** to this report.
- 3.14 It is proposed to adopt a high street and retail relief scheme as detailed within this section, with an automatic award to ratepayers who received the relief in 2019-20, and for the Portfolio holder for Finance in consultation with the Head of Finance(S151 Officer) to make decisions on new applications received which meet all the qualifying criteria of the scheme

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 Financial Services (section 151 officer) acknowledged that there are no direct financial implications to the Council in adopting the scheme as long as 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 2020-21 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 2020-21 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. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form”.

6. Data Protection

- 6.1 It is recommended that the relief for 2020-21 will be automatically granted to those businesses that are in receipt of the relief as at 31 March 2020, 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.
- 6.3 The Data Protection Officer commented that all necessary privacy notices will need to be reviewed for those businesses being carried out by sole traders.

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 high street and retail rates relief scheme 2020-21 be established in accordance with section 3 of this report
- 9.2 Ratepayers that received high street and retail rates relief in 2019-20 and remain in occupation as at 1 April 2020 be automatically granted this relief for financial year 2020-21.
- 9.3 New applications for Business Rates high street and retail rates relief 2020-21 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 High Street and Retail Rate Relief in Wales 2020-21 Guidance Note