

# Agenda



## Delegated Decisions - Leader

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Date: Thursday, 18 March 2021

To: Councillor J Mudd

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Item		Wards Affected
1	<u>National Non-Domestic Rates: Discretionary Relief: Enhanced Hospitality and Leisure Rates Relief Scheme 2020-21 &amp; 2021-22</u> (Pages 3 - 10)	All Wards

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# Report

## Leader of the Council

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### Part 1

Date: 18 March 2021

**Subject** **National Non-Domestic Rates: Discretionary Relief: Enhanced Hospitality and Leisure Rates Relief Scheme 2020-21 & 2021-22**

**Purpose** The purpose of this report is for to agree that Newport City Council adopts the Welsh Government's Retail, Enhanced Hospitality and Leisure Rates Relief Scheme 2020-21 & 2021-22.

**Author** Head of Finance

**Ward** All

### Reason for Urgency

Due to the ongoing Covid-19 coronavirus situation, a number of businesses are still prohibited from trading, others have seen their trade drastically reduced. In response, Welsh Government made funds available to remove the need to pay rates for all retail leisure and hospitality businesses that occupy premises with rateable values of less than £500,000.

The Welsh Government has decided to introduce a fully funded targeted rate relief for hospitality and leisure businesses that occupy larger premises with a rateable value over £500,000. This will cover the cost of rates due for 2020-21 and 2021-22.

Business rate bills are soon to be issued for 2021-22 and payments will start becoming due in early April 2021. It is therefore vital that the business rate relief is applied as soon as possible to these businesses so that a correct bill can be issued for 2021-22, and to relieve the financial burden of making rate payments at a time when they are still facing restrictions on trading.

In addition the lateness in the year of the Welsh Government issuing the scheme for 2020-21 means that it has to be adopted and applied to rate account before the end of financial year.

For this reason and to expedite the help available for the affected businesses this report is being treated as urgent.

**Summary** In response to the ongoing Covid-19 coronavirus situation the Welsh Government has made available grant funding for billing authorities to deliver in 2020-21 and 2021-22, Enhanced Hospitality and Leisure Rates Relief Scheme to reduce the rates payable to zero for qualifying properties. The Welsh Government has agreed to reimburse the Council in full for any awards made under the scheme.

The scheme will deliver:

1. 100% rate relief in 2020-21 and 2021-22 for qualifying properties which are broadly leisure or hospitality and have a rateable value of more than £500,000.

**Proposal** It is proposed that the Leader of the Council agrees to adopt the Welsh Government's Enhanced Hospitality and Leisure Rates Relief Scheme for 2020-21 and 2021-22 by making the appropriate determination and decision, as required by Sections 47(1)(a) and 47(3) respectively of the Local Government Finance Act 1988, and set out in the Appendix to this report

**Action by** Head of Finance to implement the Scheme and make discretionary awards using delegated powers.

**Timetable** Effective from 1 April 2020 and 1 April 2021

This report was prepared after consultation with:

- Head of Law & Regulation
- Head of People & Business Change
- Head of Regeneration, investment & Housing

**Signed**

## **Background**

In response to the ongoing covid-19 pandemic and the effect on businesses Welsh Government made available funding for billing authorities to deliver an all Wales Retail, Leisure and Hospitality Rate Relief Scheme. This Scheme specifically excluded larger premises the Welsh Government has announced plans for a scheme for larger hospitality and leisure premises.

The Scheme is fully funded by Welsh Government and will enable those businesses that are in the hospitality or leisure sector to benefit from not having to pay any business rates in 2020-21 and again in 2021-22.

The scheme specifically covers businesses that occupy premises with a rateable value over £500,000 and operate in the leisure or hospitality sector.

The means of making the awards of Retail, Leisure and Hospitality Rate Relief is the Council's discretionary powers under section 47 of the Local Government Finance Act 1988.

Under normal operating conditions the Council would make a formal determination (Section 47(1)(a)) and decision (Section 47(3)) to adopt the scheme so that this discretionary power may be exercised by the Head of Finance under delegated powers. However, this is not possible due to the requirement to award the relief for 2020-21 before the end of financial year and to be able to issue correct business rate bills for 2021-22, therefore the Leader of the Council will make the determination on behalf of the Council.

The Council will be reimbursed for the rates income foregone as a result of the Scheme by way of a direct grant.

The Enhanced Hospitality and Leisure Rates Relief Scheme forms part of a package of Welsh Government measures available to support businesses during the coronavirus covid-19 emergency.

The relief will be applied directly to all businesses identified as operating in one of the named sectors and an application is required.

If the scheme is adopted, the rate relief will be applied for 2020-21 and adjustment notices issued and the rate bill for 2021-22 will be issued with the rate relief on it.

## **Financial Summary**

There are no direct financial implications to the Council in adopting the scheme. The Welsh Government reimburses the full value of discretionary awards. Staff resources will be prioritised appropriately within the revenues team to meet the administration requirements of the scheme.

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to implement the scheme will result in Newport ratepayers being financially disadvantaged	H	L	Adoption of the scheme will allow relief awards to be awarded and rate bills reduced to zero.	Head of Finance

## Links to Council Policies and Priorities

The adoption of the schemes fits with the Council's aims to improve the local economy, and the well-being of its citizens

## Options Available and considered

- Adopt the Wales Retail, Leisure and Hospitality Rate Relief Scheme 2021-22
- Decide not to adopt the Scheme

## Preferred Option and Why

Adopt the Scheme so that as many retailers as possible may benefit from not having to pay business rates.

## Comments of Chief Financial Officer

This is a key part of the UK/WG support package for businesses and needs to be agreed by the Leader in absence of full Council meetings. This will enable the relief to be awarded before any payments are due and taken in relation to 2021/22 and relief given for 2020/21 financial year, which must be done before 31 March.

## Comments of Monitoring Officer

The proposed decision is in accordance with the Council's statutory powers under the Local Government Finance Act 1988 to grant discretionary business rates relief. This is a national scheme, which is fully funded by the Welsh Government and will enable the Council to continue to grant rate relief for qualifying businesses in the retail, leisure or hospitality sector in 21/22. Full Council is required to make a formal determination under Section 47(1) (a) of the 1988 Act and a formal decision under Section 47(3) to adopt the scheme. The power to award discretionary rate relief in accordance with the scheme is then delegated to the Head of Finance under the officer scheme of delegation. The scheme needs to be adopted before 31<sup>st</sup> March and, therefore, the decision is too urgent to await the next meeting of full Council at the end of April. Therefore, this decision will need to be taken by the Leader of the Council in accordance with the urgent decision making powers under Standing Order 24.1, where a decision can be taken outside the budget framework when it is not practical to call a quorate meeting of full Council. The decision and the adoption of the extended scheme can be ratified by full Council in April and the reasons for the urgency in adopting the scheme in this way will be reported to Audit Committee in due course.

## Comments of Head of People and Business Change

There are no HR related issues arising directly from this report.

Adoption of the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme is in line with the Council's Well-being Objective to "Promote economic growth and regeneration whilst protecting the environment" and will support the "Newport Offer" intervention within Newport's Well-being Plan. The Scheme is funded by Welsh Government and will enable businesses that are in the hospitality or leisure sector to not have to pay business rates in 2020-21 and 2021-22. This sector has grown massively in importance to the local economy and labour market in recent years and taking up the available support would be in the Council's interests.

### Local issues

None

### Scrutiny Committees

N/A

### Equalities Impact Assessment and the Equalities Act 2010

Once adopted, the Council is obliged to comply with the Welsh Government's rules in applying the Scheme. These are detailed in the Appendix.

### Children and Families (Wales) Measure

N/A

### Wellbeing of Future Generations (Wales) Act 2015

When developing the Retail, Leisure and Hospitality Rate Relief Scheme 2021-22, consideration was given to the wellbeing duty contained in section 3 of the Well-being of Future Generations (Wales) Act 2015. This included consideration of how the policy would contribute to supporting the wellbeing goals under section 4 of that Act, and the wellbeing objectives set by the Welsh Ministers, whilst acting in accordance with the sustainable development principle. Providing this scheme will assist ratepayers and, as such, it will help to contribute to the achievement of the wellbeing goals of a prosperous Wales and a more equal Wales.

### Crime and Disorder Act 1998

N/A

### Consultation

N/A

### Background Papers

The Welsh Government's Guidance on the Retail, Leisure and Hospitality Rate Relief Scheme 2020-21 and 2021-22 is available here:



Non-Domestic  
Rates - Enhanced



Non-Domestic  
LeRates - Extended Lei

## **Resolution**

(a) The Council determines that, unless hereditaments are excepted under (b) below, Section 47(1)(a) (discretionary relief) of the Local Government Finance Act 1988 will apply as regards the hereditaments described in 'The Scheme' in accordance with the rules described in relation to those hereditaments.

It is reasonable for the Council to make this decision having regard to the interests of persons liable to pay council tax set by the Council.

- (b) Relief is not available under this resolution in respect of any hereditament which is occupied by -
- the Welsh Ministers, a Minister of the Crown or government department,
  - any public authority (including any local authority),
  - the holder of any public office, or
  - the Crown
- (c) The Council decides, under Section 47(3) of the Local Government Finance Act 1988, that during the billing year 2021-22 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

## **The Scheme to be Adopted**

### **Introduction**

The relief is intended to be a temporary measure for 2020-21 and 2021-22 only, aimed at businesses operating in the leisure and hospitality sector in Wales, for example hotels and leisure facilities.

The Welsh Government will provide relief to eligible businesses occupying premises with a rateable value of over £500,000 financial year 2020-21 and 2021-22.

Properties that will benefit from this relief will be occupied properties such as hotels, restaurants, and leisure facilities with a rateable value of over £500,000 on 1 April 2020 and 1 April 2021 respectively.

### **Level of Support**

Eligible ratepayers must be occupying premises and have a rateable value over £500,000 for the financial year 2020-21 and 2021-22 and meet the criteria set out by Welsh Government, see appendix for full details.

### **State Aid**

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the UK Government and the EU provides that during a transition period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

The UK Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount Scheme will become a notified state aid scheme. Once the notification has been approved by the European Commission, it will supersede the de minimis regulation as the appropriate cover for awarding the discount, meaning existing de Minimis limits will no longer restrict the provision of support.

## **APPENDIX**

### **Enhanced Hospitality and Leisure Rates Relief Scheme 2020-21**

#### **About this guidance**

1. This guidance is intended to support county and county borough councils (local authorities) in administering the Enhanced Hospitality and Leisure Rates Relief Scheme 2020-21 (the Scheme). This guidance applies to Wales only.
2. This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for grant support provided to large hospitality, leisure and tourism properties. The guidance does not replace any existing non-domestic rates legislation or any other support.
3. Enquiries about the scheme should be sent to: [localtaxationpolicy@gov.wales](mailto:localtaxationpolicy@gov.wales)
4. The grant support is being provided for the 2020-21 financial year.

#### **Introduction**

5. This support is aimed at businesses in Wales in the hospitality, leisure and tourism sectors operating from properties with a rateable value over £500,000.
6. The Welsh Government will provide grant funding to the relevant local authorities in Wales to provide the support to eligible ratepayers for 2020-21. The scheme aims to provide support for eligible occupied properties by offering a grant equal to a discount of 100% on the non-domestic rates bill for a property, subject to conditions. The scheme will apply to all eligible ratepayers with a rateable value of more than £500,000.
7. This document provides guidance on the operation and delivery of the scheme.

#### **How will the support be provided?**

8. As this is a temporary measure, we are providing the support by reimbursing local authorities which use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to provide support under section 47. The Welsh Government will reimburse local authorities for the grant support that is provided in line with this guidance via a grant under section 31 of the Local Government Act 2003 and section 58A of the Government of Wales Act 2006.

#### **How will the support be administered?**

9. Local authorities are responsible for contacting eligible ratepayers, assessing applications received, and amending billing data. Any payments made by the ratepayer towards their liability for the 2020-21 financial year should be refunded accordingly.

#### **Which properties will benefit from the support?**

10. Properties that will benefit from this support will be occupied hospitality, leisure and tourism properties that have a rateable value of over £500,000 – such as hotels, holiday parks and stadia across Wales.
11. Grant support should be provided to each eligible business as a reduction to its rates bill based on occupation between 1 April 2020 and 31 March 2021.
12. For the avoidance of doubt, hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this support.
13. As the support is discretionary, local authorities may choose not to provide the support if they consider it appropriate, for example where providing the support would go against the local authority's wider objectives for the local area.

### **Eligibility criteria**

14. The total amount of government funded support available for each property will be 100% of the non-domestic rates liability for the 2020-21 financial year subject to two criteria being met.

- Ratepayers can demonstrate that there has been a material negative impact on their business between 1 April 2020 and 31 December 2020.
- The level of support, equal to 100% of the non-domestic rates liability, should not exceed operating costs over the same period (1 April 2020 to 31 December 2020). If the level of support exceeds operating costs the amount of support will be equal to the value of the operating costs.

15. To ascertain whether the criteria have been met, applicants should provide the following information to local authorities:

- Annual turnover information. This should include income from sales as well as revenue from public sources (eg Grants, Economic Resilience Fund, or special rental arrangements). The application should also include a declaration that turnover has been negatively impacted by 40% or more as a result of coronavirus restrictions.
- Operating costs (minus staff) between 1 April 2020 and 31 December 2021.
- Details of their business' current headcount and also planned headcount at October 2021. This should be based on the number of full-time equivalent (FTE) staff.
- Declarations confirming whether the applicant has received other funding from the Welsh Government, and where appropriate can be checked against any Economic Resilience Fund application in terms of existing job safeguard conditions already in place.
- A declaration stating whether the applicant has an Economic Contract in place with the Welsh Government. For those that do not, the Welsh Government will work with them to put one in place within a 4 week period of relief being awarded.

16. The attached form (Annex 1) should be completed by all eligible ratepayers and local authorities should submit copies of completed forms to the Welsh Government [localtaxationpolicy@gov.wales](mailto:localtaxationpolicy@gov.wales)

### **State Aid**

17. 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 grant support 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 has been viewed to be outside the scope of any international trade agreements as measures are focused locally within Wales.