

Report

Council



Part 1

Date: 26th February 2019

Subject **National Non-Domestic Rates: Discretionary Relief: High Street Relief Scheme 2019-20**

Purpose The purpose is for Council to resolve to adopt the Welsh Government's High Street Relief Scheme for 2019-20.

Author Head of Finance

Ward All

Summary The Welsh Government has again made available grant funding for billing authorities to deliver in 2019-20, the High Street Rate Relief Scheme to reduce the rate burden on qualifying high street retail properties. The funding for 2019-20 amounts to a maximum of £1.09m and around 400 businesses are expected to benefit from reduced rates by way of this Relief.

The scheme is broadly similar to the retail rate relief schemes that have operated in previous years, with two main differences:

1. In 2019-20, the scheme is not restricted to properties situated in high street settings but instead is open to all retail premises provided they meet the qualifying criteria.
2. The maximum amount of relief has increased to £2,500 for each qualifying property.

Proposal **It is proposed that the Council resolves to adopt the Welsh Government's Wales High Street and Retail Relief Scheme for 2019-20 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 2019

This report was prepared after consultation with:

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

Signed

Background

The Welsh Government has made available funding for billing authorities to deliver in 2019-20, the High Street and Retail Rate Relief Scheme.

The Council's allocation of funding amounts to a maximum of £1.09m. The Scheme is broadly similar to the schemes for 2017-18 and 2018-19 and again, sets out the various categories of retail premises that will benefit from relief. These are detailed in the Appendix, but broadly, the premises included are those that have a rateable value of £50,000 or less; are occupied; and are wholly or mainly used as shops, restaurants, cafes and drinking establishments. (These categories are intended to cover premises that are being used for the sale of goods and/or services, or food and/or drink, to visiting members of the public).

There are two significant differences between the proposed scheme for 2019-20 and the High Street Rate Relief schemes that have operated in previous years:

- The maximum amount that can be awarded per qualifying property has been increased to £2,500.
- The condition that qualifying properties had to be located in the high street setting has been removed and all properties that meet the criteria are eligible to be included regardless of where they are situated.

The means of making the awards of High Street Rate relief is the Council's discretionary powers under section 47 of the Local Government Finance Act 1988. The Council is required to 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. The Council is reimbursed for the rates income foregone as a result of the Scheme when calculating monies to be paid over to the Welsh Government 'pool'.

The Wales High Street Rate Relief Scheme forms part of a package of Welsh Government measures available to support business. The High Street relief scheme for 2019-20 sits alongside other schemes, such as the Small Business Rates Relief Scheme and the Transitional Rate Relief scheme that is reducing the impact of the 2017 revaluation for some adversely affected, businesses.

The application process for ratepayers is straightforward and in many cases can be awarded automatically. Due to the fact that details of the High Street and Retail Relief Scheme has been received earlier than in previous years and provided the scheme is adopted by Council at this meeting, it will be possible to show the relief on the 2019-20 rate bills when they are issued, simplifying the process for businesses.

If Council resolves to adopt the scheme, around 300 businesses will benefit from reduced amounts to pay and the adjustment will be shown on their 2019-20 rates bill. The remaining 100 estimated qualifiers will be issued with an application form so that a determination on whether they meet the criteria of the scheme can be made and adjustment notices sent as soon as practicable thereafter.

Financial Summary

There are no direct financial implications to the Council in adopting the scheme. The full value of discretionary awards is reimbursed by the Welsh Government, along with a small administration grant to cover expenses such as printing and postages for the application and billing procedures. 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 made and rate bills reduced.	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 High Street Relief Scheme
- Decide not to adopt the Scheme

Preferred Option and Why

Adopt the Scheme so that as many retailers as possible may benefit from reduced Rates bills.

Comments of Chief Financial Officer

The Rates Relief Scheme is a national scheme in Wales and will benefit a significant number of businesses. As trading conditions continue to be challenging, the continuation of the scheme and increased support is welcome and Council is being recommended to take up and apply the scheme here in Newport.

There are no direct financial implications as the cost of the relief scheme is funded by Welsh Government and is expected to be sufficient to cover the level of applications that we will receive. The administration of the scheme is also covered within the grant, therefore there is no budget impact of this report.

Comments of Monitoring Officer

The proposed scheme is in accordance with the Council's statutory powers to grant discretionary rate relief under section 47 of the Local Government Finance Act 1988 ("the 1988 Act"). In order to adopt the scheme, full Council is required to make a formal determination under Section 47(1) (a) of the 1988 Act and formal decision under Section 47(3). 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 proposed scheme for 19/20 is the same as the previous year's scheme, except that the maximum amount that can be awarded for each qualifying property is increased to £2,500 and they no longer have to be located in the high street. The Council is reimbursed by Welsh Government for the total amount of business rates income foregone as a result of the discretionary rate relief awarded under the scheme, through the calculation of the pooled NNDR income.

Comments of Head of People and Business Change

There are no staffing implications arising from the report as it is anticipated that the work can be handled within existing resources

Adoption of the Welsh Government's High Street Relief Scheme for 2019-20 is in line the Council's Well-being Objective to "Promote economic growth and regeneration whilst protecting the environment" and help support the "Newport Offer" intervention within Newport's partnership Well-being Plan.

Comments of Cabinet Member

The Cabinet Member for Community and Resources has approved this report for consideration by Council.

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

N/a

Crime and Disorder Act 1998

n/a

Consultation

n/a

Background Papers

The Welsh Government's Guidance on the 2018-19 Scheme is available on the [welsh Government Website](#).

Dated: Feb 2019

APPENDIX

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 2018-19 '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 2019-20 only, aimed at retailers in Wales, for example shops, pubs, restaurants and cafes – including those retailers which have seen their rates increase as a result of the 2017 revaluation undertaken by the Valuation Office Agency.

The Welsh Government will provide relief, of up to £2,500 to eligible retailers occupying premises with a rateable value of £50,000 or less in the financial year 2019-20, subject to State Aid limits.

Properties that will benefit from this relief will be occupied retail properties such as shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less on 1 April 2019.

Level of Support

Eligible ratepayers will be occupying retail premises and have a rateable value of between £6,001 and £50,000 for the financial year 2019-20 and who meet the following criteria:

It is intended that, for the purposes of this scheme, retail properties such as, "shops, restaurants, cafes and drinking establishments" will mean the following (subject to the other criteria in this guidance).

i. Premises that are being used for the sale of goods to visiting members of the public

Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, newsagents, hardware stores, supermarkets, etc)

Opticians
Pharmacies
Post offices
Furnishing shops or display rooms (such as carpet shops, double glazing, garage doors)
Car or caravan showrooms
Second hand car lots
Markets
Petrol stations
Garden centres
Art galleries (where art is for sale or hire)

ii. **Premises that are being used for the provision of the following services to visiting members of the public**

Hair and beauty services
Shoe repairs or key cutting
Travel agents
Ticket offices, eg. for theatre
Dry cleaners
Launderettes
PC, TV or domestic appliance repair
Funeral directors
Photo processing
DVD or video rentals
Tool hire
Car hire
Cinemas
Estate and letting agents

iii. **Premises that are being used for the sale of food and / or drink to visiting members of the public**

Restaurants
Drive-through or drive-in restaurants
Takeaways
Sandwich shops
Cafés
Coffee shops
Pubs
Wine Bars

To qualify for the relief a hereditament listed in (i) to (iii) should be wholly or mainly used as a shop, restaurant, café or drinking establishment. This is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The list set out above is not intended to be exhaustive as it would be impossible to list all the many and varied high street retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Welsh Government considers should qualify for the High Street Rate Relief Scheme. Determinations will be required as to whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that to be appropriate, however it is highly unlikely that the Council would not wish an eligible business to benefit from the reduction in rates that the scheme affords.

There are certain business types that Welsh Government has specifically excluded from the scheme namely:

i. Premises that are being used for the provision of the following services:

Financial services (eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawn brokers)

Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)

Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)

Post office sorting office

Tourism accommodation, eg. 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

There are a number of further types of hereditaments which the Welsh Government believes should not be eligible for the high street relief scheme:

ii. Premises with a rateable value of more than £50,000

Whilst it is recognised there are some high street retail businesses with rateable value above the £50,000 relief threshold who are also experiencing increases in their rateable values as a result of the 2017 Revaluation, these properties will not be eligible for this relief.

iii. Premises that are not reasonably accessible to visiting members of the public

If a business is not reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme.

v. Premises that are not occupied

Properties that are not occupied on 1 April 2019 should be excluded from this relief. There are other statutory rate reliefs that provide reductions under certain circumstances for empty properties.

vi. Premises that are in receipt of mandatory charitable rates relief

Retail premises that already receive mandatory rate relief such as charity shops are excluded from receiving additional relief under the High Street Relief Scheme.

Other Considerations

Ratepayers that occupy more than one property will be entitled to High Street Rates Relief for each of their eligible properties, subject to State Aid de minimis limits.

Eligibility for the relief will be calculated based on the circumstances of the property and ratepayer as at 1 April 2019. Changes to properties which occur after this date will have no impact on eligibility for this relief.

Empty properties becoming occupied after 1 April 2018 will not qualify for this relief.

If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the amount of relief will be amended pro rata with the new occupier also qualifying for a proportion of the rate relief.

State Aid

Awards made under the High Street Rate Relief Scheme will in most instances count as state aid and the European Union regulates state funded support to businesses.

The De Minimis Regulation allows an undertaking to receive up to €200,000 of De Minimis aid in a three-year period (consisting of the current financial year and the two previous financial years).

To administer the scheme and comply with the De Minimis regulations it is necessary for the council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. The threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

To comply with the state aid rules all ratepayers will be required to declare if they consider that they have exceeded the de minimis limits and will be sent a form for this purpose.

Further information on the state aid and de Minimis rules can be found at:

<http://gov.wales/funding/state-aid/de-minimis-aid/?lang=en>

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

