

# Report

## Council

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### Part 1

Date: 27 April 2021

**Subject** **National Non-Domestic Rates: Covid-19 Discretionary Rate Relief Schemes**

**Purpose** The purpose of this report is to obtain retrospective Council approval for the two reports concerned with new Welsh Government covid business rate relief schemes.

**Author** Head of Finance

**Ward** All

**Summary** In response to the Covid-19 coronavirus emergency, Welsh Government made available grant funding for billing authorities to deliver in 2020-21, the Retail, Leisure and Hospitality Rate Relief Scheme, to reduce the rates payable to zero for qualifying properties. Welsh Government has extended this scheme for 2021-22 and formal approval by the Council of the scheme is required.

In addition Welsh Government announced late in the previous financial year a new covid business rate relief scheme for larger hospitality and Leisure businesses covering years 2020-21 and 2021-22 and formal approval is required for adoption of these schemes as well.

The matters were treated as urgent and approved by the Leader of the Council due to the fact that the retail, leisure and hospitality rate relief needed to be applied to the new year rate bills for 2021-22, and as the rate relief for the new Enhanced Hospitality and Leisure Rate Relief Scheme applied to 2020-21, it needed to be awarded before the end of the financial year. To wait and re-issue the bills would have incurred significant additional cost and delay this valuable support to local businesses in Newport.

The Welsh Government agreed to reimburse the Council in full for any awards made under the schemes.

This report seeks retrospective Council approval for the schemes namely –

1. The Retail, Leisure and Hospitality Rate Relief Scheme 2021-22 (appendix 1, page 7)
2. The Enhanced Leisure and Hospitality Rate Relief Scheme 2020-21 and 2021-22 (appendix 2, page 22)

**Proposal** It is proposed the Council agrees to adopt:

1. **Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2021-2, and**
2. **Welsh Government's Enhanced Leisure and Hospitality Rate Relief Scheme 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 - The Enhanced Leisure and Hospitality Relief Scheme 2020-21

Effective from 1 April 2021 - The Retail Leisure and Hospitality Relief Scheme 2021-22, and Enhanced Leisure and Hospitality Rate Relief Scheme 2020-21 and 2021-22

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 coronavirus covid-19 emergency Welsh Government has again made available funding for billing authorities to deliver in 2021-22, an all Wales Retail, Leisure and Hospitality Rate Relief Scheme.

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

The scheme covers all businesses that occupy premises with a rateable value of less than £500,000 and operate in the retail, leisure or hospitality sector.

To address the fact that some higher value leisure and hospitality businesses also required assistance with rates, Welsh Government announced late in the financial year a similar scheme for those leisure and hospitality businesses in Wales with a rateable value of over £500,000. This scheme is the Enhanced Leisure and Hospitality Rate Relief Scheme 2020-21, this scheme is also being extended to cover 2021-22.

The means of making the awards under these schemes is the Council's discretionary powers under section 47 of the Local Government Finance Act 1988.

Under normal operating conditions the Council would have made a formal determination (Section 47(1)(a)) and decision (Section 47(3)) to adopt the schemes so that this discretionary power could be exercised by the Head of Finance under delegated powers. When the schemes were announced it was not possible for Council to meet and approve the scheme before the rate bills for 2021-22 were issued. There was a pressing need to award the relief to relieve the financial burden on affected businesses, therefore as permitted under the constitution, the Leader of the Council made the determination on behalf of the Council. Council is now required to ratify the schemes formally for completeness.

The reports approved by the Leader of Council are provided at appendix 1 and 2, and provide full details of the schemes.

The scheme was rolled out quickly to qualifying businesses and they were notified that they had no rates to pay at the start of the financial year before the first instalment was due. The scheme has been positively received and to date around 800 businesses have benefitted from the scheme.

As detailed in the original report, the Council will be reimbursed for the rates income foregone as a result of the Scheme when calculating monies to be paid over to the Welsh Government 'pool'.

## 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, Staff resources will be prioritised appropriately within the revenues team to meet the administration requirements of the scheme.

## Risks

The risk assessed when the scheme introduced was:

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

The schemes were approved by the Leader of the Council in order to ensure that city businesses benefitted from the rate relief quickly and while they were experiencing the immediate financial pressures of the national lockdown.

Council is now being asked to retrospectively approve the schemes for completeness.

## Preferred Option and Why

To formally adopt the Schemes.

## Comments of Chief Financial Officer

This reports simply ratifies formally a decision already taken, as required. The schemes in question provide an essential and valuable benefit to businesses in Newport and are fully funded by WG. There is a resource implication in administering these (plus, to a larger extent, the business grants schemes also in place) and whilst WG provides an admin grant for doing these, it has been resourced from existing resources given the knowledge required to carry these tasks out and the intention is to request that those funds are put into reserves and used to fund fixed term resources to 'catch up' on general council tax/business rates work and arrears collection.

## **Comments of Monitoring Officer**

The proposed Retail, Leisure and Hospitality Rate Relief Scheme for 2021-22 and the Enhanced Leisure and Hospitality Rate Relief Scheme 2020-21 and 2021-22 are 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 enables the Council to grant rate relief for qualifying businesses in the retail, leisure or hospitality sector. The original scheme was adopted last year by the Leader under emergency powers due to the suspension of Council meetings during the Covid-19 lock-down and subsequently ratified by full Council, when remote meetings resumed. Late in the last financial year, the scheme was extended by the Welsh Government to include larger businesses in these areas with a turnover over £500k and this enhanced scheme was also approved by the Leader under urgent powers. 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 these schemes. 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. Because of the timing of the Regulations and the need to roll-out the financial support to these businesses as soon as possible, then the Leader of the Council took an urgent decision to extend the original scheme to 21/22 and to adopt the enhanced scheme for 20/21 and 21/ 22, 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 too urgent to await the next meeting of full Council. However, full Council are now being asked to ratify those decisions and formally confirm adoption of the schemes.

## **Comments of Head of People and Business Change**

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

Adopting these two Covid-19 Discretionary Rate Relief Schemes is in line with the Council's strategic recovery aims and its 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 the Welsh Government and will enable businesses that are in the retail, hospitality or leisure sector to not have to pay business rates in 2021-22. These sectors are of major importance to the local economy and labour market and taking up the available support would be in the Council's interests. Being able to assist businesses in this way could help prevent business decline and support the economy for the immediate and longer terms.

## **Comments of Cabinet Member**

The decision to determine these schemes has already been taken and reported through the normal Council decision making processes and I'm pleased that businesses are again being supported with this valuable rate relief scheme. The decision taken are required to be formally ratified in full Council and are fully funded by WG.

## **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 Appendices to this report.

### **Children and Families (Wales) Measure**

n/a

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

When developing the Retail, Leisure and Hospitality Rate Relief Scheme and the Enhanced Leisure and Hospitality Rate Schemes, 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 and the Enhanced Leisure and Hospitality Rate Relief Scheme is available here:



Non-Domestic  
Rates - Enhanced Le

## Appendix 1

Report  
Council

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### Part 1

Date: 16 March 2021

**Subject** National Non-Domestic Rates: Discretionary Relief: Retail, Leisure and Hospitality Rate Relief Scheme 2021-22

**Purpose** The purpose of this report is for to agree that Newport City Council adopts the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 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 has issued details to extend the fully funded scheme introduced in 2020 to give 100% rate relief for another year for businesses occupying properties in the retail, leisure or hospitality industry.

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.

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

### Summary

In response to the Covid-19 coronavirus emergency situation the Welsh Government has again made available grant funding for billing authorities to deliver in 2021-22, the Retail, Leisure and Hospitality Rate 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 and it is envisaged that around 1200 businesses will benefit from not having to pay rates by way of this relief.

The scheme will deliver:

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

**Proposal** It is proposed that the Leader of the Council agrees to adopt the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 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 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 has made available funding for billing authorities to deliver in 2021-22, an all Wales Retail, Leisure and Hospitality Rate Relief Scheme.

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

The scheme covers all businesses that occupy premises with a rateable value of less than £500,000 and operate in the retail, 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 as soon as practicable to relieve the financial burden on affected businesses and 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 Retail, Leisure and Hospitality Rate 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 no application is required. It is anticipated that there will be a small number of businesses where it is not possible to identify from rating records the nature of their business, these businesses will need to contact the Business Rates Team to claim the rate relief.

If the scheme is adopted, around 1200 businesses will benefit from not having to pay rates in 2021-22 and a rates bill for the new financial year will be issued showing the full relief before the first payment is due in April 2020. Any businesses subsequently identified that meet the criteria of the scheme will be issued with adjustment notices 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. Staff resources will be prioritised appropriately within the revenues team to meet the administration requirements of the scheme.

## **Risks**

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
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 given before any payments are due and taken. The scheme is fully funded by Welsh Government and whilst the detail of that is not yet in place, the principle is.

### **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 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 31st 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 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 retail, hospitality or leisure sector to not have to pay business rates in 2021-22. These sectors are of major importance to the local economy and labour market and taking up the available support would be in the Council's interests.

### **Comments of Cabinet Member**

I am happy to take the decision on this.

### **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 2021-22 is available here:



Non-Domestic  
Rates - Retail Leisur

## **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 2021-22 only, aimed at businesses operating in the retail, leisure and hospitality sector in Wales, for example shops, pubs, restaurants and cafes.

The Welsh Government will provide relief, eligible retailers occupying premises with a rateable value of £500,000 or less in the financial year 2021-22.

Properties that will benefit from this relief will be occupied properties such as shops, hotels, restaurants, cafes and drinking establishments, with a rateable value of £500,000 or less on 1 April 2020.

### **Level of Support**

Eligible ratepayers must be occupying premises and have a rateable value of less than £500,000 for the financial year 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**

### **Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief in Wales 2021-22**

Guidance

#### **About this guidance**

This guidance is intended to support county and county borough councils ('local authorities') in administering the Retail, Leisure and Hospitality Rates Relief scheme ('the relief'). On 3 March 2021, the Minister for Finance and Trefnydd announced the extension of the relief on a temporary basis for 2021-22. This guidance applies to Wales only.

This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to retail, leisure and hospitality properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.

Enquiries about the scheme should be sent to: [localtaxationpolicy@gov.wales](mailto:localtaxationpolicy@gov.wales)

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he relief is being offered from 1 April 2021 and will be available until 31 March 2022.

#### **Introduction**

This relief is aimed at businesses and other ratepayers in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.

The Welsh Government will provide grant funding to the 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible ratepayers for 2021-22. The scheme aims to provide support for eligible occupied properties by offering a discount of 100% on the non-domestic rates bill for a property, to all eligible premises. The scheme will apply to all eligible ratepayers with a rateable value of £500,000 or less.

This document provides guidance on the operation and delivery of the scheme.

#### **Retail, Leisure and Hospitality Rates Relief**

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

As this is a temporary measure, we are providing the relief by reimbursing local authorities that 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 grant relief under section 47. 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 section 58A of the Government of Wales Act 2006.

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

It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff.

Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2021, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

### **Which properties will benefit from relief?**

Properties that will benefit from this relief will be occupied retail, leisure and hospitality properties – such as shops, pubs and restaurants, gyms, performance venues and hotels across Wales. More detailed eligibility criteria and exceptions to the relief are set out below.

Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2021, the local authority may use its discretion in awarding relief.

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).

### **Hereditaments 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)
- Charity shops
- 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)

**Hereditaments 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
- Estate and letting agents

**Hereditaments 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
- Bars or Wine Bars

We consider assembly and leisure to mean the following.

**Hereditaments 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**

- Sports grounds and clubs
- Sport and leisure facilities
- Gyms
- Tourist attractions
- Museums and art galleries
- Stately homes and historic houses
- Theatres
- Live Music Venues
- Cinemas
- Nightclubs

**Hereditaments that are being used for the assembly of visiting members of the public**

- Public halls

- Clubhouses, clubs and institutions

We consider hotels, guest & boarding premises and self-catering accommodation to mean the following.

**Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business**

- Hotels, Guest and Boarding Houses,
- Holiday homes,
- Caravan parks and sites
- 

**Other considerations**

To qualify for the relief, the hereditament should 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, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. 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 relief.

The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves 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 appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Ratepayers may view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such would be inclined to not accept the relief. Arrangements for opting out of receiving relief should be made with the relevant local authority.

**Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief**

Any hereditament with a rateable value over £500,000.

The following list sets out the types of uses that the Welsh Government does not consider to be retail, leisure or hospitality use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed and if they would not be eligible for relief under the scheme.

### **Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public**

- Financial services (eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawnbrokers)
- Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)
- Post Office sorting offices
- Day nurseries
- Kennels and catteries
- Casinos and gambling clubs
- Show homes and marketing suites
- Employment agencies

There are a number of further types of hereditament which the Welsh Government believes should not be eligible for the relief.

### **Hereditaments that are not reasonably accessible to visiting members of the public**

If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions listed under *Which properties will benefit from relief?*

### **Hereditaments that are not occupied**

Properties that are not occupied on 1 April 2021 should be excluded from this relief. However, under the mandatory Empty Property Rates Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases, six months) of being empty.

### **Hereditaments that are owned, rented or managed by a local authority**

Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

### **How much relief will be available?**

The total amount of government funded relief available for each property under this scheme for 2021-22 is 100% of the remaining bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants. Retail, Leisure and Hospitality Rates Relief should be applied against the net bill after other reliefs have been applied.

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year.

Amount of relief to be granted =  $V$ , 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.

This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.

Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties.

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.

### **Changes to existing hereditaments, including change in occupier**

Empty properties becoming occupied after 1 April 2021 will 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 new occupier will qualify for the relief if they operate in the retail, leisure or hospitality sectors on a pro-rata basis based on the remaining days of occupation using the formula used in the section titled *How much relief will be available?* The discount should be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result 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.

### **State Aid**

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 relief 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

**Part 1**

Date: 17 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:

2. 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?
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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
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### 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 March 31<sup>st</sup>.

### 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 fully funded by 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.

## **Comments of Cabinet Member**

I am happy to take the decision on this given the situation.

## **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  
Rates - Extended Lei

## **Resolution**

- (b) 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
- (d) 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.