

Report

Council

Part 1

Date: 28 July 2015

Item No: See above

Subject **National Non-Domestic Rates: Discretionary Relief: Wales Retail Relief Scheme 2015-16**

Purpose The purpose is for Council to resolve to adopt the Welsh Government's Wales Retail Relief Scheme for 2015-16.

Author Head of Finance

Ward All

Summary The Welsh Government has made available grant funding for billing authorities to continue in 2015-16 the Wales Retail Relief Scheme that was first introduced in 2014-15 and benefitted 343 businesses in the Newport area. The funding for 2015-16 amounts to a maximum of £691,814 and a similar number of businesses are expected to benefit from reduced Rates by way of Discretionary Relief. The value of the maximum relief per qualifying business premises increases from £1,000.00 in 2014-15 to £1,500.00 in 2015-16.

Proposal It is proposed that the Council resolves to adopt the Welsh Government's Wales Retail Relief Scheme for 2015-16 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 Immediate

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 to billing authorities to continue in 2015-16 the Wales Retail Relief Scheme that was first introduced in 2014-15. The Council's allocation of funding amounts to a maximum of £691,814. The Scheme 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).

The means of making the awards of 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 Retail Relief Scheme forms part of a package of Welsh Government measures available to support business and reflects the Business Rates Panel's advice that Wales should maintain a competitive business rates regime. The extension of the scheme for 2015-16 sits alongside other recent decisions in that context, such as the extension of the Small Business Rates Relief Scheme until March 2016.

In 2014-15, 343 awards of Retail Relief were made to Newport businesses, at a maximum of £1000.00 per premises. A total of £291,770 was awarded. In 2015-16, the maximum award increases to £1,500.00 and it is expected that a similar number of businesses will benefit. Ratepayers are required to apply in writing and invitations will be sent to all premises that appear, from their Valuation Office Agency description code, to qualify. Awards must be made by 31 March 2016.

There are no staffing implications within Finance. The work can be handled within existing resources.

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.

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

- Adopt the Wales Retail 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

There are no financial implications to the adoption of the Welsh Government's Retail Relief Scheme for 2015-16. Any spend is fully reimbursed by the Welsh Government.

Comments of Monitoring Officer

The proposed discretionary rate relief scheme is in accordance with the Council's statutory powers under Section 47 of the Local Government Finance Act 1988. The Wales Retail Relief Scheme is fully funded by Welsh Government but the Council needs to resolve formally to adopt the scheme locally and to make the necessary determinations regarding the criteria for the award of discretionary relief. This is a non-executive function which is reserved to full Council but the Head of Finance will then administer the scheme in accordance with the officer scheme of delegation.

Staffing Implications: Comments of Head of People and Business Change

There are no staffing implications.

Comments of Cabinet Member

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

Local issues

None

Scrutiny Committees

n/a

Equalities Impact Assessment

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

Children and Families (Wales) Measure

n/a

Consultation

n/a

Background Papers

The Welsh Government's Guidance on the 2015-16 Scheme is available at
<http://gov.wales/topics/businessandeconomy/policy/150428-wales-retail-relief/?lang=en>

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Dated: 14 July 2015

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 2015-16 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

The Scheme

1. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as retail premises, that is, shops, restaurants, cafes and drinking establishments.
2. For the purposes of the scheme, "shops, restaurants, cafes and drinking establishments" will mean as follows (but subject to the other criteria noted):

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

Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, newsagents, hardware stores, supermarkets, etc.)

Charity shops

Opticians

Pharmacies

Post offices

Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)

Car/ caravan show rooms

Second hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

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

Hair and beauty services

Shoe repairs/ key cutting

Travel agents

Ticket offices e.g. for theatre

Dry cleaners
Launderettes
PC/ TV/ domestic appliance repair
Funeral directors
Photo processing
DVD/ video rentals
Tool hire
Car hire
Cinemas
Estate and letting agents

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

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

3. To qualify for the relief the hereditament should be wholly or mainly being 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.
4. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied 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 for this purpose to be retail. 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.
5. As the grant of the relief is discretionary, authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the authority's wider objectives for the local area.
6. The list below sets out the types of uses that the Welsh Government does not consider to be retail use for the purpose of this relief.

i. Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public:

Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
Post office sorting office
Tourism accommodation such as B&Bs, hotel accommodation and caravan parks
Sports clubs
Children's play centres

Day nurseries
Outdoor activity centres
Gyms
Kennels and catteries
Show homes and marketing suites
Employment agencies

ii. Hereditaments that are not reasonably accessible to visiting members of the public

7. Accordingly, if a hereditament falls within paragraph 6(i) or (ii) 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 in paragraph 2(i), (ii) or (iii)
8. The total amount of government-funded relief available for each property for 12 months under this scheme is £1,500. The amount does not vary with rateable value and there is no taper. There is no relief available under this scheme for properties with a rateable value of more than £50,000. Local authorities may however use their discretionary powers to offer further discounts outside this scheme.
9. 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 = £1,500 x A/B
Where:
A is the number of days in the financial year that the hereditament is eligible for relief; and
B is the number of days in the financial year.
10. Wales Retail Relief can be provided in addition to Small Business Rates Relief as well as any hardship or discretionary relief awarded by the local authority. The relief will be applied against the net bill after the other reliefs have been applied.
11. Where the net rate liability for the day after all other reliefs but before retail relief is less than the retail relief, the maximum amount of this relief will be no more than the value of the net rate liability. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
12. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

Splits, mergers, and changes to existing hereditaments

13. The relief 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 relief on that day.

State Aid

14. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Wales Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulation (1407/2013).
15. 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).

Calculation examples

Example 1 – An occupied shoe shop with a rateable value of £40,000

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280

Minus 12 months Wales Retail Relief = £19,280 - £1,500 = £17,780

Rates due (including Wales Retail Relief) = **£17,780**

Example 2 – A shoe shop with a rateable value of £40,000 that is unoccupied between 1 April 2015 and 30 September 2015 and is then occupied until 31 March 2016.

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280,

Minus 3 months (no empty rates payable) = £40,000 x 0.482 x 91/365 = £4,806.79

Minus 6 months Wales Retail Relief (01/10/15-31/03/16)

= £1,500 x 182/365 = £747.94

Total due for year = **£13,725.27**

Example 3 – An occupied shoe shop with a rateable value of £10,000 that is in receipt of small business rate relief of £473 per year.

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.482 = £4,820

Minus small business rate relief of 10% = £4,820 - £482 = £4,338

Minus 12 months Wales Retail Relief = £4,338 - £1,500 = £2,838

Rates due (including all reliefs) = **£2,838**

July 2015