

Report

Council

Part 1

Date: 29 February 2024

Subject **National Non-Domestic Rates: Discretionary Rate Relief Schemes 2024-25**

Purpose The purpose of this report is for Council to agree that Newport City Council adopts the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2024-25 (Part A), and also to extend the Newport City Council's City Centre Local Rate Relief Scheme (Part B)

Author Head of Finance

Ward All

Summary This report is split into two sections:

Part A Welsh Government Retail Leisure & Hospitality Rate Relief Scheme 2024-25

Part B Newport City Council Local City Centre Rate Relief Scheme Extension 2024-25

Welsh Government has again made available grant funding for billing authorities to deliver in 2024-25, the Retail, Leisure and Hospitality Rate Relief Scheme to reduce the rates payable for qualifying ratepayers.

Welsh Government has agreed to reimburse the Council in full for any awards made under the scheme and it is envisaged that up to 1,200 businesses could benefit from reduced rates by way of this relief.

The scheme will deliver 40% rate relief in 2024-25 for qualifying properties which are broadly used for retail, leisure or hospitality.

Details of the Welsh Government scheme are contained in **Part A** of this report.

In addition to the Welsh Government scheme, **Part B** of this report sets out a proposed extension to the Newport City Centre Rate Relief scheme that Council introduced in 2022-23.

The proposed extension would extend the scheme for a further 12 months and would provide additional rate relief to qualifying city centre businesses until 31 March 2025.

There are three appendices to this report:

Appendix 1	Welsh Government Retail, Hospitality & Leisure Scheme 2024-25 Guidance
Appendix 2	Newport Local City Centre Rate Relief Scheme
Appendix 3	Map of the Newport City Centre BID area

Proposal	A:	To adopt the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme 2024-25 as set out in this report and in Appendix 1;
	B:	To extend the Newport City Centre Local Rate Relief Scheme so that the scheme, as described in this report and in Appendix 2, operates during the 2024-25 financial year; AND
	C:	To delegate to the Head of Finance the authority to take such decisions as may become necessary to enable the operation of both schemes, including but not limited to:
		<ul style="list-style-type: none"> i. the setting-up and operation of an appropriate application procedure; ii. the power to determine whether or not an individual application is within the scope of the scheme; AND iii. the power to revoke a grant of relief in circumstances where an applicant no longer qualifies for such relief according to the scheme.

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

Timetable Effective from 1 April 2024

This report was prepared after consultation with:

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

Signed

Background

1.0 Background

Part A

- 1.1 Welsh Government has made available funding for billing authorities to deliver in 2024-25, an all-Wales Retail, Leisure and Hospitality Rate Relief Scheme.
- 1.2 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 reduced business rates in 2024-25. The scheme covers all businesses that occupy business premises operating in the retail, leisure or hospitality sector.
- 1.3 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.

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 formal determination is shown below.

- 1.3 The Council will be reimbursed for the rates income foregone as a result of the Scheme by way of a direct grant.
- 1.4 The relief scheme is similar in nature to the one operated in 2023-24 in that the qualifying criteria are unchanged and businesses are required to apply for the rate relief, however the maximum award will be 40% of the rates payable which is lower than provided in previous Welsh Government schemes.
- 1.5 The scheme also sets a limit of £110,000 as the total amount of relief that any ratepayer can claim across Wales, this will mean that some ratepayers with multiple properties across Wales will not be able to claim the rate relief in every area, local councils will have to carry out additional checks to ensure that the limit is not exceeded.
- 1.6 If the scheme is adopted, it is estimated that up to 1,200 businesses could benefit from reduced rates in 2024-25, although the scheme limit of £110,000 may see less than this number actually qualifying. Once an application has been made and determined the rate relief will be applied directly to the rate bill and future instalments reduced accordingly.
- 1.7 As the scheme is fully funded by Welsh Government there are no risks to the Council in adopting the scheme, there would however be risks to businesses that operate in the sectors covered by the scheme if the scheme was not adopted.

2.0 The Scheme to be Adopted

Introduction

- 2.1 The relief is intended to be a temporary measure for 2024-25 only, aimed at businesses operating in the retail, leisure and hospitality sector in Wales, for example shops, pubs, restaurants and cafes.
- 2.2 The Welsh Government will provide rate relief, eligible businesses occupying commercial premises in the financial year 2024-25.
- 2.3 Properties that will benefit from this relief will be occupied properties such as shops, hotels, restaurants, cafes and drinking establishments.

Level of Support

- 2.4 Eligible ratepayers must be occupying commercial business premises in the financial year 2024-25 and meet the criteria set out by Welsh Government, see **Appendix 1** for full details.
- 2.5 Ratepayers that qualify under the scheme will benefit from a reduction of 40% in the rates they would be due to pay in 2024-25.
- 2.6 The total amount of relief available is £110,000 across all properties occupied by the same business across Wales. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap.

State Aid

- 2.8 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.

3 Resolution

Welsh Government Retail, Leisure and Hospitality Rate Relief Scheme 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 2024-25 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

Part B

Newport City Centre Local Rate Relief Scheme

Background

- 4.0 Part A of this report covered the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2024-25, and whilst this is welcomed and will provide much needed rate relief to those in the retail leisure and hospitality sectors, it is recognised that this scheme alone will not be sufficient to address the challenges still faced by the Newport city centre given it's reduced benefit.
- 4.1 In addition to the Welsh Government support set out in Part A, a local two year scheme to further reduce rates in the city centre was agreed by Council. This scheme was effective from 1 April 2022 and reduced the rates payable by eligible city centre businesses by a further 25%. The scheme is due to finish on 31 March 2024. To date the scheme has provided additional rate relief to 110 businesses.
- 4.2 The intention of the scheme was both to assist existing city centre businesses and encourage greater levels of occupancy.
- 4.3 Details of the scheme are provided in appendix 2, and a map of the area covered shown in appendix 3.
- 4.4 The table below shows the amount spent for the two years that the scheme has operated, both years saw less expenditure than originally anticipated due largely to the fact that Welsh Government increased the funding it provided to eligible businesses resulting in lower 'top-up' required from the Newport City centre scheme.

	Businesses helped	Amount Spent	Original Estimate
2022-23	105	£180,708.80	£441,000
2023-24	110	£161,076.77	£441,000

Legislative Background

- 5.0 The Council has the power to create the Newport City Centre Scheme in accordance with its discretionary powers under section 47 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.
- 5.1 The Localism Act 2011 extended the scope of section 47 and there is now a general power to award discretionary relief to any ratepayer providing that it would be reasonable to do so having regard to the interests of local council tax payers.
- 5.2 In the main, decisions to award relief under the extended powers of the Localism Act would be exercised in respect of all eligible properties within a defined area, of a defined type, as specified in the proposed scheme see **Appendix 2** of this report.
- 5.3 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.

- 5.4 In addition to the power to create a local rate relief scheme, it must be in the interests of the council tax payers of the city. This is because a local scheme will be funded locally using funds of the Council.
- 5.5 In assessing benefits to the council tax payer it is expected that the Newport City Centre Scheme will help to reduce the number of empty retail units in the city centre, this will improve the look and feel of city centre for all residents. Employment opportunities will be improved by attracting new businesses to set up within the city centre and assisting existing businesses to remain viable following the covid pandemic.
- 5.6 The Council can be as broad as it wants to be with a local scheme, however the city centre has been identified as requiring an economic boost and it is reasonable to concentrate on this area as it impacts all city residents.
- 5.7 What constitutes the 'city centre' is open to interpretation so the scheme covers properties within the existing Newport city centre BID area, as this is an established well defined city centre area, see **Appendix 3** for a map of the area. **Appendix 2** sets out the qualifying criteria that will be used to assess eligibility for the proposed Newport City Centre Local Rate Relief Scheme.

6.0 Resolution

The Council will adopt the Newport City Centre Rate Relief Scheme as detailed in Appendix 2, effective from 1 April 2024 for 1 year.

- (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

- (d) The Council decides, under Section 47(3) of the Local Government Finance Act 1988, that during the billing 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

PART A

Financial Summary (Capital and Revenue)

PART A

- 7.0 There are no direct financial implications to the Council in adopting the Welsh Government Retail Hospitality and Leisure rate relief scheme.

7.1 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.

PART B

7.2 Unlike other rate relief schemes any local discretionary scheme would sit outside the existing schemes that are either fully or partially funded by the Welsh Government via the NNDR pooling arrangements.

7.3 The Localism Act provides the mechanism to allow local schemes to be devised but the financing of any scheme remains wholly with the Council. This would mean that any extension to the Newport City scheme would have to be entirely funded by Newport City Council and would not receive any financial contribution from Welsh Government

7.4 Since the scheme would be funded entirely by the Council the risks are substantial, and include:

- More take up than anticipated
- Increases in rateable value
- New properties coming into the scheme

7.5 Due to the Welsh Government rate relief schemes being more generous in 2022-23 and 2023-24 the cost of the additional Newport City Centre Relief has been lower than originally estimated. The cost of the proposed one year extension to the scheme can therefore be met from the unspent funds set aside for the original two year Newport City Centre scheme.

7.6 The scheme would be paid in conjunction with the existing city centre start up grants when an occupier moves into an empty retail unit. This should improve the overall attractiveness of the city to new businesses, will assist owners to bring empty properties back into use and improve the city centre for all residents.

8.0 Risks
PART A

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

PART B

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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The scheme costs significantly more than initially estimated.	H	M	Modelling the proposed scheme using current rating data to establish the likely maximum costs.	Head of Finance
Increases in rateable value.	M	M	Setting a limit on the RV's of qualifying business properties.	Head of Finance
Support is not sufficiently targeted and creates a perverse incentive to sit on vacant units.	H	L	Terms and conditions will reflect strategic decisions and priorities and the relief will only benefit occupied properties The scheme will set criteria that ensures that only 'occupied premises that are actively trading will benefit.	Head of Finance

Links to Council Policies and Priorities

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

10.0 Options Available and considered.

10.1 PART A

- Adopt the Wales Retail, Leisure and Hospitality Rate Relief Scheme 2024-25
- Decide not to adopt the scheme

10.2 PART B

- Extend the existing Newport City Centre Rate Relief Scheme for a further 12 months to cover the 2024-25 financial year.
- Decide not to extend to extend the Newport City Centre Rate Relief Scheme.

10.3 Preferred Option and Why

PART A

10.4 Adopt the Welsh Government fully funded Scheme so that as many businesses as possible may benefit from a reduction in the amount of business rates they are due to pay in 2024-25.

PART B

10.5 Extend the scheme so that Newport city centre businesses continue to receive additional financial support.

10.6 Comments of Chief Financial Officer

There are no financial impacts of adopting the Welsh Government scheme as it is fully funded. Processes adopted must ensure that state aid and scheme limits are not breached. This is a valuable benefit to those eligible businesses across the city and at no cost to the Council.

The Newport Local Scheme (extension) will be funded from the Council's own resources and that is from the existing funding for the current two-year scheme that ends on March 2024. As take up has not been as high as predicted; there are funds still available in that specific reserve and can accommodate this one-year extension within the BID geographical area.

10.7 Comments of Monitoring Officer

PART A

The proposal in part A of the report arises from a grant to the Council from the Welsh Government to enable councils to provide Non-Domestic Rate relief to businesses in the categories set out in the guidance document in Appendix 1. The clear intention of the Welsh Government is that the grant is used to support businesses in the categories listed; the proposal is that authority is delegated to the Council's Head of Finance to determine whether or not a business falls into one of those categories.

It is a condition of the grant that no business may receive relief under the scheme in excess of £110,000 for the financial year 2024-'25. This means that:

- businesses with multiple properties, which may be situated in the areas of more than one local authority, may not receive aggregate relief greater than this figure; and
- ratepayers who have a qualifying connection may not receive aggregate relief between them greater than this sum. The definition of a "qualifying connection" is set out in detail in the guidance but essentially relates to circumstances where:
 - both ratepayers are companies and either one is a subsidiary of the other or both are subsidiaries of the same parent company; or
 - one ratepayer (A) is a company and the other (B) is either an individual or a company with an interest in A.

The guidance does not set out how local authorities are expected to police the above, however, it does make it clear that attempts by businesses to circumvent the rules will not be tolerated.

The guidance also confirms that the scheme constitutes a state subsidy. Having said that, provided that the total subsidy received by a business does not exceed £315,000 over a three-year period, the subsidy would be lawful. As set out in the guidance, therefore, businesses will need to make a declaration that they have not received subsidies totalling more than that sum since 1st April 2022.

Having regard to the above, it would be good practice for the Council to ensure that all applicants for relief under this scheme are required to complete an application form (as opposed to the relief being granted automatically) which:

- sets out the above requirements (and any other requirements set out in the guidelines) and specifies the potential consequences of making a dishonest or fraudulent application;
- requires the applicant to disclose the details of any other relief being applied for or granted under this scheme, whether in Newport or elsewhere in Wales;
- requires the applicant to disclose the details of any connected individuals or companies who intend to apply for, have applied for or have been granted relief under the scheme;
- requires the applicant to sign a declaration confirming that the information they have provided is true and that their application complies with the requirements of the scheme; and
- requires the applicant to sign a declaration that they have not received subsidies totalling £315,000 or more since 1st April 2022.

It is open to the Council to not adopt the scheme, however, given that the scheme is fully funded by a grant, any such decision may be deemed unreasonable absent clear objective justification.

PART B

With regard to the proposal in part B, as the report sets out, the Council has the discretion to reduce (including to zero) the amount of Non-Domestic Rates payable by individual ratepayers or ratepayers who fall within a defined category. The scheme in Appendix 2 is proposed for adoption and sets out such categories.

As with the proposal in part A, the Council should ensure that it has in place a robust application procedure which elicits sufficient information from applicants in order to ensure they comply with the requirements of the scheme and which requires a signed declaration that the information given is correct, the application complies with the scheme and that the relevant public subsidy threshold has not been exceeded. Once relief has been granted, the Council should also consider how it will monitor the scheme, for example to ensure that businesses granted relief have not changed the nature of the business carried on at the premises or ceased to trade.

The proposal seeks that delegated authority be granted to the Head of Finance to determine applications for relief, including the making of any determination as to whether an application falls within the scope of the scheme. Members may also wish to consider granting delegated authority to the Head of Finance to revoke any relief granted where there is a change of circumstances as described above.

10.8 Comments of Head of People and Business Change

This report seeks Council's agreement for NCC to adopt the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2024-25 and to extend the City Centre Local Rate Relief Scheme for 12 months. The Schemes will enable businesses that are in the retail, hospitality or leisure sector to manage their costs that have been affected by external pressures. These sectors are of major importance to the local economy and labour market and adopting the available support would be in the Council's interests.

There are clear links to the Council's Corporate Plan 2022-27 vision of 'an ambitious, fairer, greener Newport for everyone', and plans support its Well-being Objectives including Objective 1 (Economy, Education and Skills – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all). This also supports the Economy and Culture Theme of our One Newport Local Action Plan, which helps deliver the regional Gwent Well-being Plan.

The principles of the Well-being of Future Generations (Wales) Act 2015 and its five ways of working have been considered through the provision of this short-term relief, to increase the chances of businesses remaining in the city over the long-term.

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

10.9 Scrutiny Committees

n/a

11.0 Fairness and Equality Impact Assessment:

PART A

- 11.1 A FEIA has not been carried out on the Welsh Government's Retail, Hospitality and Leisure Rate Relief scheme for 2024-25 due to fact that once adopted, the Council is obliged to comply with the Welsh Government's rules in applying the Scheme. These are detailed in **Appendix 1**.

PART B

- 11.2 A Fairness and equality impact assessment has been carried out in relation to the Newport City Centre Scheme and considers our legislative responsibilities under:
- The Equality Act (2010), including the Socio-economic Duty
 - The Wellbeing of Future Generations (Wales) Act (2015)
 - The Welsh Language (Wales) Measure (2011)
 -
- 11.3 The extension of the Newport City Centre Rate Relief Scheme is a positive step and one which benefit the businesses in the city and the wider city as a whole.
- 11.4 Stakeholders – the main beneficiaries of the scheme will be the businesses in the city centre and due to the truncated time scale there has not been an opportunity to engage in formal stakeholder consultation.
- 11.5 This initiative has been proposed in response to communication over the years from stakeholders that highlights the bar that high city centre rates are to businesses operating in that area.
- 11.6 All city centre businesses that operate in the retail, hospitality and leisure sectors are expected to benefit if they meet the requirements of the scheme.
- 11.7 There are no impacts on the majority of protected categories protected in the Equality Act 2010 and it is anticipated that the scheme will be beneficial to the following group:

Aged – there will be benefits to the elderly in helping to sustain the city centre business as the city centre is more accessible to those reliant on public transport as opposed to out-of-town areas that can be difficult to reach.

Welsh Language – no impact anticipated.

Sustainable Development

- 12.1 The proposed scheme is expected to deliver both short-term and long-term benefits:
- Short Term – the rate relief is a short-term form of financial assistance that will enable existing businesses to overcome the impact high rates, and help to attract new businesses to use empty retail units.
 - Long Term – although a relatively short-term package of financial assistance is proposed in the scheme it is anticipated that by assisting businesses to overcome the trading difficulties high rates will increase the chances of them remaining in the city long term.
- 12.2 In addition, the introduction of rate relief for new businesses moving into currently vacant premises will improve the look and feel of the city centre making it more attractive for residents to visit and the hoped for increase in footfall will further sustain the viability of the city centre.

12.3 Well-Being

The Council is in a position to be able to offer this scheme to city centre businesses which ties in with the goal of providing a more prosperous Wales.

12.4 Integration

Wales' Well-being Goals

This proposal supports the following well-being goals:

- A prosperous Wales, a thriving city centre will improve employment opportunities and economic growth.
- A resilient Wales – a thriving and vibrant city centre will provide residents with the services they need.
- A Wales of more cohesive communities – local provision of goods and services removing the need for residents to travel elsewhere.
- A globally responsible Wales – there will be more activity in the city centre and less reliance on out town areas. The city centre is more accessible to residents as it is well served by existing public transport links, thus reducing the need to travel and distance and use cars.

12.5 Newport City Council's Well-being Objectives

This proposal supports the following Newport City Council well-being goals:

Objective 1 Economy, Education and Skills – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all).

The proposal also supports the Economy and Culture Theme of our One Newport Local Action Plan, which helps deliver the regional Gwent Well-being Plan.

12.6 The Equality Act (2010)

- 12.7 This proposal does not adversely impact any protected categories, it does however raise the question of fairness when comparing a city centre business with one in another part of the city.
- 12.8 Targeting support where it is needed most allows a policy to have more impact than providing a lower level of support over a wider area.
- 12.9 In addition the retail, hospitality and leisure sectors have been disproportionately adversely affected by the covid pandemic and the restrictions placed on trading with the effects still being felt.

It is accepted that not every business in the city will receive this support however the city centre requires additional help and this proposal is intended to address this.

13.0 Socio-economic Duty

- 13.1 The Socio-economic duty is set out in the Equality Act 2010, and requires the council, when making strategic decisions, to pay due regard to the need to reduce the inequalities of outcome that result from socio-economic disadvantage. Inequalities of outcome are felt most acutely in areas such as health, education, work, living standards, justice and personal security, and participation.
- 13.2 The proposed scheme is a positive move and will be beneficial to the businesses within the city centre and the residents of the city as whole in particular:
- Low Income/income poverty – it is beneficial to have goods and services readily available in the city centre, as those on low incomes are less likely to have cars to be able to reach the out-of-town areas or travel to other cities.
 - Employment Opportunities – a thriving city centre will enhance the employment opportunities available to residents of the city.

Material Deprivation – it is beneficial for residents to be able to access goods and services within the city centre.

Area Deprivation – the city centre is accessible from all areas of the city and is particularly so for those that live rurally as they are able to access the city centre by existing public transport links.

13.3 Consultation

n/a

13.4 Background Papers

The Welsh Government's Guidance on the Retail, Leisure and Hospitality Rate Relief Scheme 2024-25 is available here:

Dated: 12 February 2024

APPENDIX 1

Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief in Wales 2024-25

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 2024-25. 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

The 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 all 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible businesses for 2024-25. The scheme aims to provide support for eligible occupied properties by offering a discount of 40% on non-domestic rates bills for such properties.

The scheme will apply to all eligible businesses, however the relief will be subject to a cap in the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities.

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 2022, 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 2022, 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.

Businesses may view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such may be inclined to not apply for the relief.

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

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

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 2022 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 2024-25 is 40% of the relevant bill. This is subject to a cap of £110,000 per business across all their properties in Wales. The relief should be applied to the net bill remaining 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).

Businesses who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties, within the cap of £110,000 per business across Wales.

A business with a single property with a remaining liability (after reliefs) greater than £220,000 can use the entire allocation of relief. No other properties owned by that business will be eligible for the scheme.

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, subject to the cap being applied

Changes to existing hereditaments, including change in occupier

Empty properties becoming occupied after 1 April 2022 will qualify for this relief from the time of occupation.

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. This will be calculated 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 / Subsidy Control Regime

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 is considered by the Welsh Government to be outside the scope of any international trade agreements as measures are focused locally within Wales.

40%

Appendix 2

Scheme Criteria – Newport City Centre Rate Relief Scheme

- Rate relief of 25% of the full rates payable will be awarded for one year up to 31 March 2023, and continue for a second year until 31 March 2024 provided the eligibility criteria continues to be met in full.
- For new occupiers joining the scheme after 1 April 2022 rate relief of 25% of the full rates payable will be awarded from the date the business starts to trade up until 31 March 2023, and continue for a second year until 31 March 2024 provided the eligibility criteria continues to be met in full.
- For businesses that start to trade after the 1 April 2023 rate relief of 25% of the full rates payable will be awarded from the date the business starts to trade up until 31 March 2024

The following criteria will be used to assess eligibility for the Newport City Centre Rate Relief Scheme.

For Existing Businesses:

- The ratepayer must be occupying a property shown in the non-domestic rating list.
- The property must be located within the Newport city centre BID area.
- The business must be actively trading.
- The property must have a rateable value of £50,000 or less
- The ratepayer must have the necessary permissions to carry out the business.
- The property must not be occupied by a charity or similar organisation that receives or is entitled to receive either mandatory or discretionary rate relief.
- The business being run must be in the retail, leisure and hospitality sectors as defined by the Retail, Hospital and Leisure rate relief scheme 2024-25.
- The business must not have received more than £300k in state aid since January 2021 and is eligible to claim this relief under the Small Amounts of Financial Assistance rules.
- The property must not be used for storage or other non-trading activities.
- At least 75% of the available retail space must be being used.

For Businesses occupying previously empty premises:

All the conditions as above plus:

- The ratepayer must own or have signed a commercial lease with a minimum of 12 months to run with no break clause in that period.
- There must be evidence that the business is trading, and rent is being paid.
- The premises must have been unoccupied at the start of the lease.
- No relief will be awarded until the property is occupied and trading.
- Rate relief will not be paid in respect of empty property rates.
- In the case of a business moving from one premises to another within the city centre, relief will be paid on the new premises only if the property is larger and more staff are being employed.
- In the case of a new business, a detailed business plan must be supplied.
- The property being used must not be excessively large for the business that is being carried out.

In all cases the Council will reserve the right to decline to pay any applications that it considers have been created to take advantage of scheme.

In the rate relief will end when one of the following occurs:

- The business ceases to trade.
- The property becomes unoccupied.
- Action is taken by a statutory body that prevents the business from operating.

Appendix 3

Map of City Centre BID Area

