

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

27 JUNE 2017

REPORT OF THE HEAD OF FINANCE AND SECTION 151 OFFICER

NON DOMESTIC RATES: DISCRETIONARY RELIEF: HIGH STREET RATES RELIEF SCHEME 2017-18

1. Purpose of Report

- 1.1 The purpose of the report is for Cabinet to adopt the Welsh Government's High Street Rates Relief Scheme for 2017-18.

2. Connection to Corporate Improvement Plan/Other Corporate Priority

- 2.1 The outcome of this Scheme is aligned to:-

- Supporting a successful economy – helping businesses to reduce their rates charges for the period 01/04/17 – 31/03/18 in order to support continued occupation of the High Street.

3. Background

- 3.1 The Welsh Government has announced that a High Street Rates Relief Scheme will be available for 2017-18 to support businesses within the retail sector in Wales. This relief will be in conjunction with Small Business Rates Relief and Transitional Relief. The Scheme sets out the various categories of retail premises that will benefit from relief. These are detailed in **Appendix A** of the report, 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). In addition the premises must be situated in a high street setting or similar and precludes retail properties situated in out of town developments or industrial estates.
- 3.2 The Scheme, if adopted, will be administered by the Council as a 'reimbursing local authority' that uses discretionary relief powers (under section 47 of the Local Government Finance Act 1988). It will be for individual local billing authorities to decide to grant relief under Section 47 but Welsh Government will reimburse local authorities for the relief that is provided.

- 3.3 The Welsh Government will provide relief of up to £500 (Tier 1) and £1,500 (Tier 2) for qualifying occupied retail properties with a rateable value of up to £50,000 in the financial year 2017-18, subject to State Aid limits.
- 3.4 The Wales High Street Relief Scheme for 2017-18 will run alongside the Small Business Rates Relief Scheme and the new Transitional Relief Scheme, introduced by Welsh Government, which was introduced to alleviate the impact of the 2017 revaluation for those businesses adversely affected.
- 3.5 It is estimated that up to 449 ratepayers across the Borough could potentially benefit from reduced rates bills under this Scheme.

4. Current situation / Proposal

- 4.1 The Council can elect to adopt the Scheme but does not have discretion over any elements of the Scheme. It is proposed that the Council adopts the Scheme for 2017-18 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.
- 4.2 Full details of the High Street Rate Relief Scheme and the guidance on the application of the Scheme have been received from Welsh Government. If the Scheme is adopted, application forms will be issued to all qualifying business properties. It is proposed that upon receipt of a valid application form, the decision to award relief be made by the Revenues Manager provided all terms of the Scheme are met.

5 Effect upon Policy Framework & Procedures Rules.

- 5.1 None.

6. Equality Impact Assessment

- 6.1 There are no equality implications arising from this report.
- 6.2 Once adopted, the Council is obliged to comply with the Welsh Government's rules in applying the Scheme. These are detailed within Appendix A.

7. Financial Implications

- 7.1 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 postage for the application and billing procedures.

8. Recommendations

It is recommended that Cabinet:

- 8.1 Adopt the Non Domestic Rates High Street Rates Relief Scheme as detailed at Appendix A;
- 8.2 Delegate authority to the Revenues Manager to make decisions on valid applications received which meet all the terms of the Scheme.

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Background documents:

Welsh Government Non Domestic Rates High Street Rates Relief Guidance

APPENDIX A

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 to be Adopted

Introduction

The relief is intended to be a temporary measure for 2017-18 only, aimed at high street retailers in Wales, for example shops, pubs, restaurants and cafes – including those retailers which have seen their rates increase as a result of the 2017 revaluation undertaken by the Valuation Office Agency.

The Welsh Government will provide two tiers of non-domestic rates relief, of up to £500 (Tier 1) or £1,500 (Tier 2), to eligible high street retailers occupying premises with a rateable value of £50,000 or less in the financial year 2017-18, subject to State Aid limits.

Properties that will benefit from this relief will be occupied high street properties such as shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less on 1 April 2017.

Two tiers of relief will be provided depending on the rateable value of the property, whether liability is increasing from 1 April 2017 as a result of the revaluation and whether the business is already entitled to other Welsh Government support.

Tier 1 – lower level of support: £500 (or the total remaining liability if this is less than £500)

Eligible ratepayers will be high street retailers whose properties have a rateable value of between £6,001 and £12,000* for the financial year 2017-18 and who meet the following criteria:

- In receipt of Small Business Rates Relief (SBRR) on 1 April 2017; and /or
- In receipt of Transitional Relief on 1 April 2017.

*There will be a small number of ratepayers whose properties have a rateable value of £12,000 or above who are in receipt of Transitional Relief. These ratepayers will also qualify for Tier 1 relief.

It is recognised that there may also be a small number of ratepayers whose properties have a rateable value of £12,000 who are not in receipt of Transitional Relief and who are on the very upper threshold of the SBRR taper and hence receive no SBRR relief. Such ratepayers will be eligible for Tier 1 relief.

Tier 2 – higher level of support: £1,500

Eligible ratepayers will be high street retailers whose property has a rateable value between £12,001 and £50,000 for the financial year 2017-18 and who meet the following criteria:

- Not in receipt of SBRR or Transitional Relief on 1 April 2017; and
- Have an increase in their liability on 1 April 2017.

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

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

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

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

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

- Hair and beauty services
- Shoe repairs or key cutting
- Travel agents
- Ticket offices, eg. for theatre
- Dry cleaners

- Launderettes
 - PC, TV or domestic appliance repair
 - Funeral directors
 - Photo processing
 - DVD or video rentals
 - Tool hire
 - Car hire
 - Cinemas
 - Estate and letting agents
- iii. Premises that are being used for the sale of food and / or drink to visiting members of the public
- Restaurants
 - Drive-through or drive-in restaurants
 - Takeaways
 - Sandwich shops
 - Cafés
 - Coffee shops
 - Pubs
 - Wine Bars

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

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

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

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

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

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

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

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

- Post office sorting office
- Tourism accommodation, eg. B&Bs, hotel accommodation and caravan parks

- Sports clubs
- Children's play centres
- Day nurseries
- Outdoor activity centres
- Gyms
- Kennels and catteries
- Show homes and marketing suites
- Employment agencies

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

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

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

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

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

iv. Premises situated in out-of-town retail parks or industrial estates

The scheme will only apply to business premises that are situated in a high street environment or similar, this includes town centre pedestrian shopping precincts or malls but specifically excludes those situated in out of town retail parks or industrial estates.

v. Premises that are not occupied

Properties that are not occupied on 1 April 2017 should be excluded from this relief. There are other statutory rate reliefs that provide reductions under certain circumstances for empty properties.

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

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

Other Considerations

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

Eligibility for the relief will be calculated based on the circumstances of the property and ratepayer as at 1 April 2017. Changes to properties which occur after this date will have no impact on eligibility for this relief.

Empty properties becoming occupied after 1 April 2017 will not qualify for this relief.

If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will not qualify for the relief.

This treatment is intended to simplify the administration of the scheme but also reflects that the relief is to help support those affected by the revaluation. It is assumed that the rateable values for properties being occupied after 1 April 2017 will have been known in advance.

State Aid

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

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

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

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

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

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

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