

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

6 APRIL 2021

### REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

#### NON DOMESTIC RATES DISCRETIONARY RELIEF - RETAIL, LEISURE AND HOSPITALITY RATES RELIEF SCHEME 2021- 22 AND ENHANCED HOSPITALITY AND LEISURE RATES RELIEF SCHEME 2021-22

#### 1. Purpose of report

- 1.1 The purpose of the report is for Cabinet to adopt the Welsh Government's Retail, Leisure and Hospitality Rates Relief Scheme 2021-22 and the Welsh Government's Enhanced Hospitality and Leisure Rates Relief Scheme for 2021-22.

#### 2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:

- **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.

- 2.2 The schemes aim to help businesses to reduce their business rates charges for the period 01/04/21 – 31/03/22 in order to support continued occupation of High Street and retail premises, and to support those in the hospitality, leisure and tourism sectors.

#### 3. Background

- 3.1 The Welsh Government has announced a temporary extension of the current Retail, Leisure and Hospitality Rates Relief Scheme for 2021-22 to support eligible occupied properties by offering 100% support to businesses within the retail, leisure and hospitality sector with a rateable value under £500,000. The Scheme sets out the various categories of retail, leisure and hospitality 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 under £500,000, are occupied, and are shops, pubs and restaurants, gyms, performance venues and hotels across Wales. The Welsh Government has also announced that an Enhanced Hospitality and Leisure Rates Relief

Scheme will be available for the 2021-22 financial year, to support eligible occupied businesses within the hospitality, leisure and tourism sector in Wales with a rateable value over £500,000. The Scheme sets out the various categories of hospitality, leisure and tourism premises that will benefit from relief. These are detailed in **Appendix B** of the report, but broadly the premises included are those that have a rateable value of over £500,000, are occupied, and are hotels, holiday parks and stadia across Wales.

- 3.2 The Schemes 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 100% rates relief for eligible properties for the 2021-22 financial year.
- 3.4 The Retail, Leisure and Hospitality Rates Relief Scheme for 2021-22 will run alongside the Small Business Rates Relief Scheme.
- 3.5 It is estimated that there will be in the region of 1,000 eligible ratepayers across the borough that could potentially benefit from having no rates to pay for the 2021-22 financial year under these Schemes.

#### **4. Current situation/proposal**

- 4.1 The Council can elect to adopt the Schemes but does not have discretion over any elements of the Schemes. It is proposed that the Council adopts the Schemes 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.
- 4.2 Full details of the Retail, Leisure and Hospitality Rates Relief Scheme for 2021-22 and the Enhanced Hospitality and Leisure Rates Relief Scheme for 2021-22 along with the guidance on the application of the Schemes has been received from Welsh Government. If the Schemes are adopted, those businesses benefiting from the schemes in 2020-21 and still meeting the criteria set by Welsh Government will be awarded the relief for 2021-22 automatically. However application forms will be available for all new 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 providing all terms of the Schemes are met.
- 4.3 The Chief Executive has delegated power to award relief to all qualifying businesses in accordance with the Non-domestic Rates Relief Scheme following receipt of the information requested by Welsh Government.

#### **5 Effect upon policy framework and procedures rules**

5.1 There is no direct impact on the Council's policy framework and procedure rules.

## **6. Equality Impact Assessment**

6.1 An initial assessment has identified that 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 Schemes. These are detailed in **Appendix A** and **Appendix B**.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no direct financial implications to the Council in adopting the scheme. The full value of the Retail, Leisure and Hospitality Rates Relief and the Enhanced Hospitality and Leisure Rates Relief awarded will be reimbursed by the Welsh Government.

## **9. Recommendation**

It is recommended that Cabinet:

9.1 Adopt the Non Domestic Rates Retail, Leisure and Hospitality Rates Relief Scheme for 2021-22 and the Enhanced Hospitality and Leisure Rates Relief Scheme for 2021-22 as detailed within **Appendix A** and **Appendix B**.

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**16 March 2021**

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**Background documents:**

Non-domestic Rates Retail, Leisure and Hospitality Rates Relief Scheme for  
2021-2022 in Wales Guidance

Non-domestic Rates Enhanced Hospitality and Leisure Rates Relief Scheme for  
2021-2022 in Wales 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 business rates 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.

### The Scheme to be Adopted

#### 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.

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.

Grant support should be provided to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022.

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 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.

## APPENDIX B

### 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 business rates 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.

### The Scheme to be Adopted

This support is aimed at businesses and other ratepayers in Wales in the hospitality, leisure and tourism sectors operating from properties with a rateable value over £500,000.

The Welsh Government will provide grant funding to the relevant local authorities in Wales to provide the support to eligible ratepayers for 2021-22. 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.

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.

Grant support should be provided to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022.

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.

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

The total amount of government funded support available for each property will be 100% of the non-domestic rates liability for the 2021-22 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 March 2021.
- The level of support, equal to 100% of the non-domestic rates liability, should not exceed operating costs between 1 April 2020 and 31 March 2021. If the level of support exceeds operating costs, the amount of support will be equal to the value of the operating costs.

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 March 2021.
- Details of their business' current headcount and also planned headcount at 1 April 2022. 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, this 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.

## **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 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.