

Neath Port Talbot County Borough Council

Cabinet (Finance) Sub Committee

20 February 2019

Report of the Head of Financial Services – Huw Jones

Matter for decision:

Non domestic Rates - High Street and Retail Rates Relief Wales 2019-20

Wards Affected: All

Purpose of report

1. To outline and adopt a new discretionary rates relief scheme known as High Street and Retail Rates Relief Wales 2019-20.

Background

2. The Welsh Government will provide grant funding to the 22 Unitary Authorities to continue the High Street and Retail Rates Relief Scheme to eligible rate payers for 2019-20.

The enhanced scheme aims to provide support for eligible retail businesses by offering up to £2,500 discount on the non-domestic rates bill per property, to retailers occupying premises with a rateable value of £50,000 or less in the financial year 2019-20, subject to State Aids limits.

Each Authority must adopt the scheme and decide in each individual case when to grant relief under Section 47 of The Local Government Finance Act 1988. Business Rates relief provided in this scheme is then reimbursed via a grant to each Local Authority.

Qualifying Criteria

3. Properties that will benefit from this relief will be occupied high street and retail properties such as shops, restaurants, cafes and drinking establishment with a rateable value of £50,000 or less on the 1st April 2019.

It is intended for the purpose of this scheme, properties such as “shop, restaurants, cafes and drinking establishments” will mean -

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)
- 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/hire)

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

- Hair and beauty services
- Shoe repair / key cutting
- Travel agents
- Ticket offices (e.g. for theatre)
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair

- Funeral directors
- Photo processing
- DVD/Video rentals
- Tool hire
- Car hire
- Cinemas
- Estate / 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
- Cafes
- Coffee shops
- Pubs
- Wine Bars

To qualify for the relief a hereditament listed above 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 retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the type of uses that Welsh Government considers for this purpose to be high street and retail.

In compliance with Welsh Government guidance, the Council will deem that the types of uses below (or those similar in use) are not considered to be High Street and Retail Rates Relief for the purpose of this relief and will not be eligible for the relief.

Hereditaments that are not considered to be eligible for High Street and Retail Rates Relief

- Financial Services (banks, pawn brokers, building societies, cash points, ATMs, payday lenders, betting shops, bureaux de change)
- Medical Services (vets, dentists, doctors, osteopaths, chiropractors)
- Professional Services (solicitors, accountants, insurance agents, financial advisers, tutors)
- Post office sorting office
- Tourism accommodation (B&Bs, hotel accommodation, caravan parks)
- Sports clubs
- Children play centres
- Day nurseries
- Outdoor activity centres
- Gyms
- Kennels / Catteries
- Show homes/marketing suites
- Employment agencies

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

For 2019-20 eligibility for the relief will be assessed and calculated on a daily basis, this means that unlike in previous years, empty properties that become occupied after the 1st April 2019 will qualify for the relief on a full year or pro rata basis. If there is a change in occupier part way through the year, after relief has been awarded, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation using the following formula.

Amount of relief to be granted = $A \times (B/C)$

Where:

A is the funding amount of £2,500

B is the number of days in the financial year that the hereditament is eligible for relief; and

C is the number of days in the financial year

When calculating the relief, if the net liability before High Street and Retail Rates Relief is £2,500 or less, the maximum amount of this relief will be no more than the value of the net rate liability.

Rate payers that occupy more than one property will be entitled to High Street and Retail Rates relief for each of their eligible properties, subject to State Aid de minimis limits. Some large companies will have to apply for this relief.

Financial Impact

4. Welsh Government have set aside £23.6m for this scheme with an estimated share of £870k for Neath Port Talbot CBC. The scheme will be fully funded by Welsh Government.

Equality impact assessment

5. There is no requirement for an equality impact assessment in terms of this report.

Workforce impacts

6. There will be additional staff resource time required to review and award the relief on the accounts. This work will be absorbed within the Non Domestic Rates (NDR) Team.

Legal impact

7. There is a potential State Aid consideration in relation to this relief but that will only apply to an undertaking that receive aid over 200,000 euros in a 3 year period (current plus two previous financial years). As such the Welsh Government has prepared some sample paragraphs to be included in a letter to ratepayers about High Street Rates Relief. This information will be forwarded to all multi

establishment ratepayers for them to claim this relief. This being relief provided in line with De Minimis State Aid Rules.

Risk management

8. There are potential state aid risks in relation to awarding this relief but this will be mitigated by requesting larger rate payers to claim the relief.

Consultation

9. There is no requirement under the Constitution for external consultation on this item.

Recommendation

10. It is recommended that Members accept the grant funding and adopt the High Street and Retail Rates Relief Scheme for 2019/20.

Reason for proposed decision

11. To enable the Business Rates Team to administer the High Street and Retail Rates Relief Scheme 2019/20.

Implementation of decision

12. The decision is proposed for immediate implementation.

Appendices

13. None

List of background papers

14. Local Government Finance Act 1988.
Welsh Government Non Domestic High Street and Retail Rates Relief Scheme 2019-20.

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