



Neath Port Talbot County Borough Council

Cabinet

7 APRIL 2020

Report of the Head of Finance – Huw Jones

Matter for Decision:

Grant Support to Businesses of £10,000 and £25,000

Wards Affected: All

Purpose of report

1. To enable the Council to make grant payments of £10,000 and £25,000 to eligible Businesses in Neath Port Talbot in line with the Welsh Government scheme.

Background

2. The Welsh Government have announced grant funding to the 22 Unitary Authorities to provide grants of £10,000 or £25,000 to eligible businesses in their County Borough

Due to coronavirus the UK and Welsh Governments are providing financial support to businesses to try to keep them viable during this challenging period. They have requested that the 22 Local Authorities provide the grant to all eligible business ratepayers in their area. This is linked to the category of NNDR that businesses pay.

Each Authority must adopt the scheme and decide in each individual case when to pay the grant.

Qualifying Criteria

3. The criteria for granting monies to businesses are attached in appendix 1 to this report.

Members will note that the scheme is to pay a grant of:

- £10,000 to those Businesses receiving Small Rates Business Rates relief with a rateable value up to and including £12,000. The grant of £10,000 per property is payable to a maximum of 2 properties per business; or
- £25,000 to Retail, Leisure and Hospitality Businesses or Not for Profit Organisations whose rateable value is between £12,001 and £51,000. The grant of £25,000 is payable to all eligible business properties.

Both Grant Schemes will only apply to properties that were on the NDR rating list on 20 March 2020. The decision to provide the grant ultimately lies at the discretion of the local authority and should be based on the overriding principle of the scheme of providing support to businesses negatively impacted by the Coronavirus. Should the Welsh Government provide additional guidance this will be considered when awarding the grant.

Financial Impact

4. Welsh Government have set aside £850m of specific grant across Wales to fully fund Local Authorities for this scheme.

Integrated Impact Assessment

5. Due to the challenging times currently being experienced by businesses no IIA has been carried out as members will note that the Council is making available funds being made available in line with the WG Guidance and scheme.

Members will note that the scheme is to pay a grant to eligible businesses as set out in the qualifying criteria mentioned above and set out in the attached Appendix.

The approval of the scheme will provide equality of financial assistance and treatment to relevant businesses in Neath Port Talbot and across Wales.

Valleys Community Impacts

6. Positive impact for business rates payers who fit the criteria for the relief and subsequent reduction in rates bill.

Workforce impacts

7. 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

8. There is a potential State Aid consideration in relation to this relief. 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 Welsh Government have advised that 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.

Risk management

9. There are potential state aid risks in relation to awarding this relief but this will be mitigated once the European Commission has approved the UK request as stated in paragraph 8.

Consultation

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

Recommendation

11. It is recommended that Members accept the grant funding and approve payment of grants to eligible Businesses for 2020/21 as set out in this report.

Reason for proposed decision

12. To enable the Council to make payments to eligible businesses in line with the Welsh Government Scheme

Implementation of decision

13. The decision is proposed for immediate implementation.

Appendices

14. Appendix 1 – Covid-19 Grants for Businesses in Wales linked to Non-Domestic Rates (NDR). Scheme Guidance Document.

List of background papers

15. Local Government Finance Act 1988.
Welsh Government Grant Scheme Guidance.

Officer contact

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Welsh Government Grant Scheme for Businesses - Guidance

Covid-19 Grants for Businesses in Wales linked to Non-Domestic Rates (NDR). Scheme Guidance Document.

As part of the fiscal stimulus package to support businesses in Wales through the Covid-19 pandemic, Welsh Ministers have introduced two non-repayable grant instruments that are linked to non-domestic properties. Throughout the following, the term 'properties' should be taken to refer to hereditaments recorded on the non-domestic rating list for Wales.

The aim for both grant schemes is to get financial support to eligible businesses and not-for-profit organisations as soon as possible to help them remain viable.

Local authorities have indicated their willingness to support the response and recovery effort by administering these grants in Wales alongside enhanced year-long rates relief for certain retail, leisure and hospitality businesses who qualify for 2020-21.

This document provides guidance about the operation and delivery of the NDR-linked Covid-19 grants. The expanded rates relief scheme is covered by a separate guidance document.

Both Grant Schemes will only apply to properties that were on the NDR rating list on 20 March 2020. If the ratepayer is not on the list at this date, it will be at the discretion of the individual local authority as to whether the business should be eligible for a grant.

The decision to provide the grant ultimately lies at the discretion of the local authority and should be based on the overriding principle of the scheme of providing support to businesses negatively impacted.

Grant 1

A grant of £25,000 is being made available for **retail, leisure and hospitality businesses** occupying properties with a rateable value of between £12,001 and £51,000.

It is estimated that there are up to 8,500 eligible properties in Wales, entailing a fund of around £214m.

The Welsh Government has produced guidance for expanded Covid-19 rates relief for occupied retail, leisure and hospitality properties¹.

¹ <https://businesswales.gov.wales/sites/business-wales/files/MA-RE-0992-20%20-%20Retail%2C%20Leisure%20and%20Hospitality%20Rates%20Relief%20Scheme%202020-21%20->

That guidance lists the properties that will benefit from the relief as being wholly or mainly used:

- As shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- For assembly and leisure
- As hotels, guest and boarding premises and self-catering accommodation.

The guidance provides a detailed list of the hereditaments that are eligible under the above categories. It also provides a list of hereditaments that are not eligible. The relief is available to not-for-profit organisations occupying eligible properties, e.g. charity shops, including those already eligible for partial mandatory relief on those properties.

In administering Grant 1, the Welsh Government and the administering local authorities will apply very similar eligibility definitions for qualifying retail, leisure and hospitality hereditaments.

In addition, a small number of exclusions will apply, based on the Welsh Government's guidance for Permanent Small Business Rates Relief Scheme for Wales (2019)². These exceptions include:

- Hereditaments occupied by a council, a police and crime commissioner, or the Crown
- Beach huts
- Hereditaments used exclusively for the display of advertisements, parking of motor vehicles, sewage works or electronic communications apparatus (e.g. ATMs).

The multiple property restriction which applies to the Small Business Rates Relief scheme does not apply to Grant 1. All properties fulfilling the eligibility criteria will be able to access the grant funding.

Each local authority will use the criteria and guidance outlined above to identify qualifying businesses in their area based on information they already hold from administering the NDR system. Each local authority will then:

- Notify each qualifying business in their area of their eligibility for a grant (either in writing – electronically, by post or both – or via press notice including distribution via digital and social media communication channels)
- Collect any additional information required from that business to enable processing and payment of the grant (eg. bank account details where these are not already held through pre-existing systems)
- Pay the grant to the eligible recipient business, preferably via direct transfer to their bank account.

[%20Guidance%2C%20Grant%20Acceptance%20and%20Offer%20for%20Local%20Authorities%20-%20Doc%201%20Guidance%20%28E%29_1%20%282%29.pdf](#)

² Source: <https://businesswales.gov.wales/sites/business-wales/files/SBRR%20-%202019%20-%20Guidance%202019%20%28ENG%29%20-%20Update%2009-2019%20FINAL%20DESIGN.pdf>

Recognising the unprecedented need for pace of delivery, the Welsh Government will release funds to each local authority to enable them to award grants. An initial, advance payment will be made and thereafter local authorities will draw down funds in further tranches from the Welsh Government as the grants are deployed. The funding arrangements will be set out in grant offer letters to authorities.

Local authorities will retain appropriate records of grant payments made and will report these to the Welsh Government in a format and on a frequency to be agreed.

Grant 2

A £10,000 grant to all businesses eligible for small business rates relief (SBRR) in Wales with a rateable value of £12,000 or less. It is estimated that there are up to 63,500 eligible properties in Wales, entailing a fund of around £635m.

The multiple property restriction applied to the Small Business Rates Relief scheme applies to this grant. Therefore the same ratepayer may only receive the grant for a maximum of two properties in each local authority.

Each local authority will use these criteria to identify qualifying businesses as of 20 March 2020 in their area, based on information they already hold from administering the NDR system and SBRR scheme. Each local authority will then:

- Notify each qualifying business in their area of their eligibility for a grant (either in writing – electronically, by post or both – or via press notice including distribution via digital and social media communication channels)
- Collect any additional information required from that business to enable processing and payment of the grant (eg. bank account details where these are not already held on pre-existing systems)
- Pay the grant to the eligible recipient business, preferably via direct transfer to their bank account.

All childcare providers that currently receive 100% Small Business Rates Relief should receive the £10,000 grant.

Recognising the need for pace of delivery, the Welsh Government will transfer funds to each local authority to enable them to award grants. An initial, advance payment will be made and thereafter local authorities will draw down funds in further tranches from the Welsh Government as the grants are deployed in line with the schedule set out in grant offer letters.

Local authorities will retain appropriate records of grant payments made and will report these to the Welsh Government in a format and on a frequency to be agreed.

Welsh Government
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