

FULL COUNCIL REPORT

Date Written	24 th April 2018*
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Service Area	Revenues
Exempt/Non Exempt	Non - Exempt
Committee Date	27 th June 2018

To: Mayor, Ladies and Gentlemen

High Street Rate Relief Scheme 2018-19

1.0 SUMMARY OF THE REPORT

- 1.1 The Welsh Government announced on the 15th March 2018 that grant funding will be made available for Local Authorities to deliver the High Street Rates Relief Scheme in 2018-19.
- 1.2 Welsh Government will provide two tiers of non-domestic rates relief of up to £250 (Tier 1) or up to £750 (Tier 2), to eligible High Street retailers occupying premises with a rateable value of £50,000 or less in the financial year 2018-19, subject to State Aid limits.
- 1.3 A guidance document provided by Welsh Government is included in the background papers, this provides a detailed explanation of how the scheme will operate.
- 1.4 The scheme will be operated and grant funded under sections 47 (Discretionary Rate Relief), of the Local Government Finance Act 1988 and section 31 of the Local Government Act 2003.
- 1.5 Due to state aid requirements, the scheme will be application based. Potential recipients of the relief will be identified from the Authorities Business Rates records.
- 1.6 The relief is being offered from 1 April 2018 and will be available until 31 March 2019.

2.0 RECOMMENDATIONS that

- 2.1 The implementation of the High Street Relief scheme in accordance with the rules described in this report be approved.
- 2.2 Sections 47(1)(a) and S47(3) (discretionary relief) of the Local Government Finance Act 1988 shall apply as regards the hereditaments described above 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.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Welsh Government announced in March 2018 that funding would be made available to Local Authorities to extend and revise the High Street Rate Relief Scheme first introduced in 2017/18. The purpose of the scheme is to reduce the rate liability for High Street retail establishments in Wales that meet the specified qualifying criteria. 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 independent Valuation Office Agency.
- 3.2 Two tiers of non-domestic rates relief will be provided, of up to £250 (Tier 1) or up to £750 (Tier 2), to eligible high street retailers occupying premises with a rateable value of £50,000 or less in the financial year 2018-19, subject to State Aid limits.
- 3.3 The relief is specifically aimed at High Street retailers in Wales. The definition of what constitutes a 'High Street' is at the discretion of the Local Authority. However, hereditaments in out of town retail parks and industrial estates are not considered high street for the purposes of this relief.
- 3.4 The relief will be awarded under provisions contained in S47(1)(a) and S47(3) of the Local Government Finance Act 1988. The Authority will be reimbursed for any relief awarded under provisions contained in S31 of the Local Government Act 2003.
- 3.5 In order to ensure compliance with state aid rules, the relief will be application based. A copy of the relevant application form is attached at appendix 1.

4.0 SCHEME DETAILS

- 4.1 The scheme will apply to occupied high street properties such as shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less on 1 April 2018.

4.2 The two tiers of relief that will be provided will depend upon the rateable value of the property concerned, 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.

4.3 Relief should be granted to businesses as a one-off payment based on occupation as at 31 March 2018 (provided the same occupier continues to be in occupation on 1 April 2018). It is recognised that there may be some instances where the Authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the occupier was in occupation on 1 April 2018, the Authority may use its discretion in awarding relief.

4.4 **Tier 1 – lower level of support: £250 (or the total remaining liability if this is less than £250).**

Eligible ratepayers will be high street retailers whose properties have a rateable value of between £6,001 and £12,000* for the financial year 2018-19 and who meet the following criteria:

- In receipt of Small Business Rates Relief (SBRR) on 1 April 2018;
- and / or
- In receipt of Transitional Relief on 1 April 2018.

*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 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

4.5 **Tier 2 – higher level of support: up to £750**

Eligible ratepayers will be high street retailers whose property has a rateable value between £12,001 and £50,000 for the financial year 2018-19 and who meet the following criteria:

- Not in receipt of SBRR or Transitional Relief on 1 April 2018; and;
- Have an increase in their liability on 1 April 2017 as a result of the 2017 Revaluation

4.6 **Qualifying Hereditaments**

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;

1) 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 or hire)

2) 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
- Cinemas
- Estate and letting agents

3) 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
- Wine Bars

To qualify for the relief a hereditament listed in (1) to (3) 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 for local authorities as to the types of uses that the Welsh Government considers for this purpose to be high street and retail. 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.

4.7 Hereditaments that are not considered to be eligible for high street relief.

The list below sets out the types of uses that the Welsh Government does not consider to be high street retail use for the purpose of this relief and 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 below and if they would not be eligible for relief under the scheme.

1) 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, 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

2) Hereditaments that are not reasonably accessible to visiting members of the public

If a hereditament is not 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 outlined in 4.7 (1), (2) or (3).

3) Hereditaments that are in out-of-town retail parks or industrial estates

What constitutes a high street retailer will vary significantly across local authority areas and it is left to the discretion of authorities to determine this based on their local areas. However, hereditaments in out-of-town retail parks and industrial estates are not considered to constitute the high street for the purposes of this relief even if there is ancillary use of the hereditament that might be considered to fall within the descriptions outlined in 4.7 (1), (2) or (3). As the grant of the relief is discretionary, it is for authorities to determine for themselves whether particular properties constitute a high-street retailer.

4) Hereditaments that are not occupied

Properties that are not occupied on 1 April 2018 should be excluded from this relief. However under the Empty Property Relief scheme, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six), of being empty.

5) Hereditaments that are in receipt of mandatory charitable rates relief

These properties already receive mandatory charitable relief which gives an 80% reduction in liability and authorities may also choose to provide discretionary charitable relief which can reduce the remaining liability to nil. As such, these properties will not be eligible for high street rate relief.

5.0 FINANCIAL IMPLICATION(S)

5.1 There are no financial implications to the Authority as the relief is fully funded via a Welsh Government grant.

6.0 EQUALITY IMPACT ASSESSMENT

6.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

GARETH CHAPMAN
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
& CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Equality Impact Assessment Screening Document	29th May 2018	Electronic Library
High Street Rate Relief Guidance Document	29th May 2018	Electronic Library
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.

Appendix 1

**Application for High Street Rates Relief
2018/19**

1. Account details for which relief is being claimed.

Property Reference No:

Account Number:

Full Name of Ratepayer/Business:

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2. Address of property for which relief is being claimed

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3. Ratepayer's contact address (if different to above)

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4. Please confirm how the property is used, e.g. butcher, travel agent etc.

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5. State Aid De Minimis Declaration

The award of this relief must comply with the EU law on State Aid. Under the De Minimis Regulations (EC 1407/2013) the ratepayer named overleaf should not receive more than €200,000 in total of De Minimis aid, including any High Street Rate Relief awarded for this property, within the current financial year or the two previous financial years.

Please give details of any De Minimis aid received below:

Amount of De Minimis Aid	Period aid granted for	Organisation providing aid	Nature of aid

Should your circumstances change and you no longer meet the qualifying criteria, you must notify us so that the High Street Rate Relief can be reviewed from the date the change occurred.

6. Declaration:

By signing the form you agree that, to the best of your knowledge, the information contained on the form is complete and is not false. Wilfully making a false statement on the application form is an offence and may result in us taking action legal against you.

I declare that:

- I am authorised to sign on behalf of the ratepayer named overleaf.
- The form is completed correctly, to the best of my knowledge.
- The ratepayer named overleaf shall not exceed its De Minimis threshold by accepting any retail relief granted.

Full Name.....

Signature..... Date

Position in Organisation.....

Telephone.....

Email Address.....

Please return the completed form to:. Merthyr Tydfil C.B.C. Civic Centre, Castle Street, Merthyr Tydfil CF47 8AN.