



FULL COUNCIL REPORT

Date Written	16 th August 2020
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Service Area	Revenues
Exempt/Non Exempt	Non - Exempt
Committee Date	9 th September 2020

To: Mayor, Ladies and Gentlemen

NON DOMESTIC RATES – RETAIL, LEISURE AND HOSPITALITY RATES RELIEF IN WALES 2020-21.

1.0 SUMMARY OF THE REPORT

- 1.1 The Welsh Government Minister for Finance and Trefnydd announced on the 18th March 2020 the expansion of the Non Domestic Rates – Retail Leisure and Hospitality Rate Relief scheme for 2020-21 & COVID19 Grants for Businesses.
- 1.2 The Non Domestic Rates – Retail Leisure and Hospitality Rate Relief scheme for 2020-2021 is being offered from 1st April 2020 and will be available until the 31st March 2021
- 1.3 This relief is aimed at businesses in Wales in the retail, leisure and hospitality sectors, for example shops, pubs restaurants, gyms performance venues and hotels.
- 1.4 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. The scheme will apply to all eligible ratepayers with a rateable value of £500,000 or less.

2.0 COVID19 – Grants for Businesses in Wales linked to Non- Domestic Rates (NDR)

- 2.1 As part of the fiscal stimulus package to support businesses in Wales through the Covid-19 pandemic, Welsh Ministers have introduced two non-repayable grants that are linked to non-domestic properties. The aim of these grants is to provide financial support to eligible businesses and not-for-profit organisations to help them remain viable.

- 2.2 Grant 1 – A grant of £25,000 is made available for retail, leisure and hospitality businesses occupying properties with a rateable value of between £12,001 and £51,000.
- 2.3 Grant 2 – A grant of £10,000 to all occupied businesses eligible for Small Business Rates Relief (SBRR) in Wales with a rateable value of £12,000 or less. This grant also applies to ratepayers eligible for charitable relief and Community Amateur Sports Clubs (CASC) relief, operating in the retail, leisure and hospitality sectors with a rateable value of £12,000 or less.
- 2.4 Applications to be considered for these grants must have been made and received by 5:00pm on the 30th June 2020.
- 2.5 To be considered eligible for the above relief scheme and grant the property must be present on the NDR rating list and the ratepayer in occupation on or before the 20th March 2020. If not it will be the local authorities discretion as to whether the business should be provided with assistance.
- 2.6 A guidance document provided by Welsh Government is included in the background papers, this provides a detailed explanation of how the scheme will operate.
- 2.7 The scheme will be operated and grant funded under Sections 47 (Discretionary Rate Relief), of the Local Government Finance Act 1988. Welsh Government will reimburse local authorities for the relief that is provided in line with the guidance via a grant under Section 31 of the Government of Wales Act 2003 and section 58A of the Government of Wales Act 2006.

3.0 RECOMMENDATIONS that

- 3.1 The implementation of the Non Domestic Rates – Retail, Leisure and Hospitality Rates Relief scheme in accordance with the rules described in this report be approved.
- 3.2 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.

4.0 INTRODUCTION AND BACKGROUND

- 4.1 The Welsh Government Minister for Finance and Trefnydd announced on the 18th March 2020 the expansion of the Non Domestic Rates – Retail Leisure and Hospitality Rate Relief scheme for 2020-21 & COVID19 Grants for Businesses. This relief is aimed at businesses 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 2020-21.

- 4.2 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.
- 4.3 COVID19 Grant - As part of the fiscal stimulus package to support businesses in Wales through the Covid-19 pandemic, Welsh Ministers have also introduced two non-repayable grants that are linked to non-domestic properties. The aim of these grants is to provide financial support to eligible businesses and not-for-profit organisations to help them remain viable.
- 4.4 These schemes will be operated and grant funded under Sections 47 (Discretionary Rate Relief), of the Local Government Finance Act 1988. Welsh Government will reimburse local authorities for the relief that is provided in line with the guidance via a grant under Section 31 of the Government of Wales Act 2003 and section 58A of the Government of Wales Act 2006.

5.0 SCHEME DETAILS

- 5.1 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.
- 5.2 Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2020 and 31 March 2021. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2020, the local authority may use its discretion in awarding relief.
- 5.3 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).

i. 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)
- ii. 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
- iii. 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

5.4 We consider assembly and leisure to mean:

- i. 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,

ii. Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls,
- Clubhouses, clubs and institutions

5.5 We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. 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

5.6 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.

5.7 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.

5.8 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.

Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief

5.9 Any hereditament with a rateable value over £500,000.

5.10 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.

i. 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 offices
- Day nurseries
- Kennels and catteries
- Casino 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.

ii. 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 in paragraphs 6.3 to 6.5.

iii. Hereditaments that are not occupied

Properties that are not occupied on 1 April 2020 should be excluded from this relief. However, under the mandatory Empty Property Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six) of being empty.

iv. 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?

- 5.11 The total amount of government funded relief available for each property under this scheme for 2020-21 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.
- 5.12 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.

- 5.13 This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.
- 5.14 Ratepayers who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties.
- 5.15 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

- 5.16 Empty properties becoming occupied after 1 April 2020 will qualify for this relief.
- 5.17 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 on a pro-rata basis based on the remaining days of occupation using the formula in paragraph 6.12 of this guidance.
- 5.18 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

- 5.19 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.
- 5.20 The 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

6.0 FINANCIAL IMPLICATION(S)

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

7.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Not Applicable
1. Merthyr Tydfil Well-being Objectives	0 of 4	0 of 4	4 of 4
2. Sustainable Development Principles - How have you considered the five ways of working: <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	3 of 5	0 of 5	2 of 5
3. Protected Characteristics <i>(including Welsh Language)</i>	0 of 10	0 of 10	10 of 10
4. Biodiversity	0 of 1	0 of 1	1 of 1
<p><u>Summary:</u></p> <p>No negative impacts have been identified against the Well-being Objectives, the Sustainable Development Principles and Biodiversity</p>			

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
& CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Integrated Impact Assessment	17 th June 2020	Electronic Library
Welsh Government Guidance Document	17 th June 2020	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.