



FULL COUNCIL REPORT

Date Written	16 th March 2021
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Service Area	Revenues
Exempt/Non Exempt	Non - Exempt
Committee Date	24 th March 2021

To: Mayor, Ladies and Gentlemen

NON-DOMESTIC RATES – RETAIL, LEISURE AND HOSPITALITY RATES RELIEF IN WALES – 2021-22

1.0 SUMMARY OF THE REPORT

- 1.1 The Welsh Government for Finance and Trefnydd announced on the 3rd March 2021 that they intend to extend support local authorities in administrating the expansion on a temporary basis for 2021-22 relief through the Retail, Leisure and Hospitality Rates Relief scheme (“the relief”).
- 1.2 The scheme aims to provide support for eligible Retail, Leisure and Hospitality occupied properties by offering a discount of 100% on the 2021-22 non- domestic rates bill with a rateable value of £500,000 or less.
- 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. Welsh Government will reimburse local authorities for the relief that is provided via a grant under Section 31 of the Local Government Act 2003 and Section 58A of the Government of Wales Act 2006.
- 1.5 Potential recipients of the relief will be identified from the Authorities Business Rates records.
- 1.6 The relief is being offered from 1st April 2021 and will be available until 31st March 2022.

2.0 RECOMMENDATIONS that

- 2.1 The implementation of the Retail, Leisure and Hospitality Rates Relief scheme in accordance with the rules described in this report be approved.
- 2.2 It having been agreed that 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, the application of Sections 47(1)(a) and S47(3) (discretionary relief) of the Local Government Finance Act 1988 as regards the hereditaments described above, in accordance with the rules described in relation to those hereditaments, be approved.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Welsh Government will provide grant funding for 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.
- 3.2 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.
- 3.3 Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022. 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 2021, the local authority may use its discretion in awarding relief.
- 3.4 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 Covid-19 should be treated as occupied for the purposes of this relief.
- 3.5 The relief will be awarded under provisions contained in S47(1)(a) and S47(3) of the Local Government Finance Act 1988. The Welsh Government will then reimburse the Council for the relief that is provided via a grant under section 58A of the Government of Wales Act 2006.

4.0 SCHEME DETAILS

- 4.1 The scheme aims to provide support for eligible occupied, retail, leisure and hospitality establishments which meet the wider retail criteria such as shops, pubs and restaurants, gyms, performance venues and hotels.
- 4.2 The scheme is fixed by Welsh Government and will apply to all eligible ratepayers with a rateable value of £500,000 or less per qualifying hereditament.
- 4.3 Relief will be granted to businesses as a reduction to its rates bill based on occupation between 1st April 2021 and 31 March 2022 (provided the same occupier continues to be in occupation on 1st April 2021). It is recognised that there may be some instances where the Council is retrospectively notified of a change of occupier. In such cases, if it is clear that the occupier was in occupation on 1 April 2020, the Council may use its discretion in awarding relief.
- 4.4 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.
- 4.5 Empty properties becoming occupied after 1 April 2021 will qualify for this relief.
- 4.6 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.

5.0 QUALIFYING HEREDITAMENTS

It is intended that, for the purposes of this scheme, retail properties such as, “shops, pubs and restaurants, gyms, performance venues and hotels across Wales will benefit from this relief, a more detailed eligibility criteria and exceptions to the relief are set out below:

- 5.1 **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)
 - 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)

5.2 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

5.3 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
- Bars or Wine Bars

We consider assembly and leisure to mean;

5.4 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

5.5 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:

5.6 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

6.0 NON – QUALIFYING HEREDITAMENTS

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.

6.1 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.

6.2 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
- Children's play centres
- 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.

6.3 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 5.1 to 5.6.

6.4 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 Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six months) of being empty.

6.5 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.

7.0 HOW MUCH RELIEF WILL BE AVAILABLE?

- (i) 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 grants¹. Retail, Leisure and Hospitality Rates Relief should be applied against the net bill after other reliefs have been applied.

- (ii) 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.

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

7.1 Changes to existing hereditaments, including change in occupier

- (i) Empty properties becoming occupied after 1 April 2021 will qualify for this relief.
- (ii) 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.
- (iii) The discount should be applied on a day-to-day basis. 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.

7.2 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 relief 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.

8.0 FINANCIAL IMPLICATION(S)

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

9.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Not Applicable
1. Merthyr Tydfil Well-being Objectives	1 of 4	0 of 4	3 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 	1 of 5	0 of 5	45 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
Summary: No negative impacts have been identified against the Well-being Objectives, the Sustainable Development Principles and Biodiversity			

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	16 th March 2021	Electronic Library
Welsh Government Guidance Document		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.