

# Y BWRDD GWEITHREDOL –

10 EBRILL 2017

## Y PWNC:

### Cyfraddau Busnes – Cynllun Rhyddhad Ardrethi'r Stryd Fawr 2017/18

#### Y Pwrpas:

Ystyried mabwysiadu cynllun rhyddhad ardrethi sydd ar gael i awdurdodau bilio gan Lywodraeth Cymru ar gyfer 2017/18

#### YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Argymhellir mabwysiadu cynllun Rhyddhad Ardrethi'r Stryd Fawr 2017/18 fel yr amlinellwyd yn yr adroddiad hwn.

#### RHESYMAU:

Bydd y cynllun arfaethedig yn gostwng ardrethi busnes 2017/18 ar gyfer busnesau cymwys yr effeithiwyd arnynt yn andwyol gan yr Ailbrisio yn 2017, heb gost i'r Awdurdod.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol – NA

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Y Cyng. David Jenkins

**Y Gyfarwyddiaeth: Adnoddau**

**Enw Pennaeth y Gwasanaeth:**

Owen Bowen

**Awdur yr Adroddiad:**

John Gravelle

**Swydd:**

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# EXECUTIVE SUMMARY

## Executive Board – 10<sup>th</sup> April 2017

### Business Rates – High Street Rate Relief Scheme 2017/18

#### 1. Background

- 1.1. As a result of the national non-domestic rates revaluation many ratepayers in the UK will be faced with an increase in their rates liability with effect from 1<sup>st</sup> April 2017. Some increases will be very significant.
- 1.2. Welsh Government has introduced a Transitional Relief scheme whereby ratepayers that occupy small premises (less than £12,000 Rateable Value) and receive Small Business Relief in 2016/17 will have any increase arising from the revaluation, “dampened”. i.e. the increase will be limited to 25% in 2017/18, 50% in 2018/19 and 75% in 2019/20.
- 1.3. In addition to the Transitional Relief scheme Welsh Government is also introducing a “High Street Rate Relief scheme”. Despite being announced in general terms some time ago, the finalised guidance for authorities has only now been provided to authorities. This relief is an additional scheme aimed specifically at high street retailers, such as shops, pubs, restaurants and cafes that have seen their rates increase as a result of the 2017 revaluation undertaken by the Valuation Office Agency.
- 1.4. As this is a temporary measure Welsh Government is not making any legislative changes but instead will allow billing authorities to grant relief under the general discretionary relief powers available under section 47 of the Local Government (Finance) Act 1988. However, being a discretionary power, it is appropriate for the Council to formally adopt the scheme.
- 1.5. The scheme is fully funded and therefore at no cost to the authority provided relief is granted in accordance with the Welsh Government guidelines. The estimated value of the relief for qualifying ratepayers in Carmarthenshire is £488k

#### 2. High Street Rate Relief scheme

- 2.1. The scheme provides for 2 tiers of relief:

##### a) Tier 1

Tier One Relief will apply to ratepayers occupying properties that have a rateable value of between £6,001 and £12,000 for the financial year 2017-18 (those with an RV under £6,001 are rate free currently) and who meet the following criteria:

- In receipt of Small Business Rates Relief (SBRR) on 1 April 2017; and / or
- In receipt of Transitional Relief on 1 April 2017

**The value of Tier 1 Relief is £500** (or the total remaining liability if this is less than £500)

##### b) Tier 2

Tier 2 Relief will apply to ratepayers that are high street retailers whose property has a rateable value between £12,001 and £50,000 for the financial year 2017-18 and who meet the following criteria:

- Not in receipt of SBRR or Transitional Relief on 1 April 2017; and
- Have an increase in their liability on 1 April 2017.

**The value of Tier 2 Relief is £1,500**

2.2. Welsh Government has indicated the types of business that they consider appropriate for this relief, and those which are not. The non-exhaustive list of business types is given in **Appendix A**

### **3. Other Factors**

3.1. The scheme guidelines also confirm that premises will not attract relief despite being retail in nature if they are:

- i. Not reasonably accessible to visiting members of the public
- ii. Situated in out-of-town retail parks or industrial estates
- iii. Unoccupied
- iv. Already qualify for charitable rate relief

3.2. As the granting of relief is discretionary, authorities may choose not to grant the relief if they consider that it would go against the authority's wider objectives for the local area.

3.3. Qualifying properties must be occupied and used *wholly or mainly* for "retail"; it is therefore a test on use rather than occupation. For the purposes of the scheme this means that it is being used for the sale of goods, food and/ or drink, or certain other services (**Appendix A** – gives further details)

3.4. Eligibility for the relief will be calculated based on the circumstances of the property and ratepayer as at 1 April 2017. Changes to properties which occur after this date will have no impact on eligibility for this relief.

3.5. Empty properties becoming occupied after 1 April 2017 will not qualify for this relief. Also, if there is a change in occupier part way through the financial year after relief has already been provided, the new occupier will not qualify.

3.6. Ratepayers that occupy premises with a Rateable Value exceeding £50,000 will not qualify for this relief, but authorities have other discretionary powers to reduce rates liability (such as Hardship Relief) in cases where it is considered appropriate.

3.7. Ratepayers will be subject to State Aid limits and will therefore be required to inform authorities if the granting of this relief would exceed the threshold for State Aid (this will be most relevant for companies with a large number of outlets, nationwide)

### **4. Scheme Adoption**

4.1. As stated in paragraph 1.4 above, being a discretionary power, it is appropriate for the Council to formally adopt the scheme. It is therefore recommended that:

- a) The High Street Rate Relief Scheme be adopted for 2017/18
- b) Relief be granted in accordance with the Welsh Government guidelines
- c) Applications that are not specifically covered by the guidelines or otherwise require specific consideration, to be determined by the Executive Board Member for Resources

**DETAILED REPORT ATTACHED?**

**No – Appendix A attached**

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **Chris Moore** Director of Corporate Resources

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## 1. Policy, Crime & Disorder and Equalities

## 2. Legal

The decision on whether or not to adopt these schemes is an Executive function.

## 3. Finance

The relief granted under the scheme is fully funded, as long as Welsh Government guidelines in terms of qualifying ratepayers, are adhered to.

The scheme will impose an administrative burden with associated costs, to implement and administer. Welsh Government is making a payment to authorities to help cover these costs. In Carmarthenshire's case this amounts to £7,089.11

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore

Director of Corporate Resources

**1. Scrutiny Committee**

N/A

**2. Local Member(s)**

N/A

**3. Community / Town Council**

N/A

**4. Relevant Partners**

N/A

**5. Staff Side Representatives and other Organisations**

N/A

**Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
<b>Business Rates – High Street Rate Retail Scheme</b> (various documents)	N/A	<b>File Plan (Finance/Local Taxation/Retail Rate Relief)</b>