

REPORT TO:	Cabinet
PORTFOLIO HOLDER:	Councillor Goronwy Edwards Portfolio Member for Finance and Resources
DATE:	11 th April 2017
LEAD OFFICER:	Andrew Kirkham Strategic Director, Finance and Efficiencies
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SUBJECT:	High Street Relief Scheme
ELECTORAL DIVISION:	Whole

1. PURPOSE OF THE REPORT

- 1.1 To provide Cabinet with information regarding a new temporary Business Rates relief scheme, the High Street Relief (HSR), introduced by Welsh Government (WG).
- 1.2 To seek approval for the adoption of the HSR scheme and the decision to grant reliefs in individual cases to be delegated to Local Taxation Manager in consultation with the Portfolio Member for Finance and Resources and the Strategic Director, Finance and Efficiencies.

2. EXECUTIVE SUMMARY

- 2.1 WG have announced that a HSR scheme will be available in the 2017-2018 financial year to support businesses in the retail sector in Wales. The HSR will provide up to £500 discount (Tier 1) and £1,500 (Tier 2) on the Business Rates bill to all occupied, qualifying retail premises with a rateable value of less than £50,000 in the financial year of 2017/2018. This will be subject to State Aid limits (currently 200,000 Euros over a three year period).
- 2.2 Grant funding will be made available to local authorities to operate the scheme in their area in 2017-18, using their discretionary powers contained in section 47 of the Local Government Finance Act (LGFA) 1988. HSR will be granted as a one-off payment to

businesses based on occupation as at 31st March 2017, provided that the same occupier continues to be in occupation on 1st April 2017.

- 2.3 Conwy has been granted up to £967,190 in relation to the scheme for the financial year 2017-2018.

3. RECOMMENDATION(S)/OPTIONS

- 3.1 That Cabinet adopts the HSR scheme based on WG guidance (Appendix 1) subject to any final revisions published by WG.
- 3.2 In relation to HSR, that delegated authority is given under Section 47 of the LGFA 1988 to the Local Taxation Manager, in consultation with the Portfolio Member for Finance and Resources and the Strategic Director, Finance and Efficiencies to approve the granting of the relief to those businesses that meet the qualifying criteria. This is in line with other Business Rates discretionary relief decisions taken.

4. BACKGROUND INFORMATION

- 4.1 Attached in Appendix 1 is a copy of the draft guidance notes issued by WG.
- 4.2 Local authorities collect Business Rates on behalf of WG and it is then paid into a central pool. The income is then redistributed via the local government funding arrangements.
- 4.3 The Valuation Office Agency has recently carried out a national non-domestic revaluation of business properties. This does not affect domestic properties that pay Council Tax. The new rateable values are assigned to each commercial hereditament and are used to calculate Business Rates liability from 1st April 2017. WG have introduced transitional relief to mitigate large increases in Business Rates over a three year period following the revaluation.
- 4.4 The Small Business Rate Relief (SBRR) scheme has additionally been extended for another year until 31st March 2018. Businesses with a Rateable Value of £6,000 or less already receive 100% relief under the SBRR Scheme. Those businesses with a rateable value between £6,001 and £12,000 receive a tapered relief.
- 4.5 The HSR may be granted in addition to other reliefs such as SBRR and transitional relief. Any hardship or discretionary relief awarded by the local authority should be considered by the local authority once all other rates reliefs have been awarded.
- 4.6 Currently there are 5,308 properties on the rating list in Conwy. Of these, 3,008 receive either full or partial relief under the SBRR scheme. A further 325 receive Charitable Relief. Approximately 441 hereditaments are empty.

- 4.7 As the HSR is a temporary measure, WG is providing the funding for the relief by reimbursing local authorities that use their discretionary relief powers under 47 LGFA 1988. It will be the local authority to determine and adopt a HSR scheme and decide when to grant relief as a requirement of their section 47 powers. Authorities will be reimbursed by WG under Section 31 of the Local Government Act 2003.

5. **PROPOSAL FOR THE HIGH STREET RELIEF SCHEME 2017-18**

- 5.1 There are approximately 745 businesses in Conwy which may benefit from the new HSR. Properties that will benefit from this relief will be occupied high street properties which are used wholly or mainly as shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less on 1st April 2017. Detailed eligibility criteria and exceptions to the relief are available in the WG draft guidance in Appendix 1.
- 5.2 A 'high street retailer' has not been prescribed in the draft WG guidance. It will be for local authorities to decide if hereditaments similar in nature to those listed in the draft WG guidance (Appendix 1) are eligible for the relief or not. [It is not proposed that the relief is limited to 'High Streets', it will be applied to all qualifying businesses in line with the draft WG guidance. Once the final details of the scheme are available, ratepayers will be provided with clear and accessible information on the details and administration of the scheme.
- 5.3 It is proposed that in order to maximise take up and minimise the administrative burden, the relief is granted under section 47 of the LGFA 1988 automatically to those meeting the qualifying criteria, without the need for an application form. Once the HSR has been granted, a revised rates demand notice will be issued for 2017/2018.
- 5.4 Any dispute arising out of the process will be dealt with through the existing appeals procedure.
- 5.5 The guidance relating to the relief provides two tiers of relief will be, both of which are subject to state aid limits:

- **Tier One (£500)**

Will apply to high street retailers with a rateable value of between £6,001 and £12,000 who are already receiving either small Business Rates relief or transitional rates relief. Or a rateable value of £12,001 or above and in receipt of Transitional Relief. Entitlement to a maximum reduction of £500 or, if the bill is less than £500, it will be reduced to nil.

There will be a small number of ratepayers with a rateable value of £12,000 or above who are in receipt of transitional relief. There may also be a small number of ratepayers with a rateable value of £12,000 in receipt of the SBRR. These ratepayers will qualify for tier one relief.

- **Tier Two (£1,500)**
Will apply to eligible high street retailers with a rateable value of between £12,001 and £50,000 which are experiencing an increase in liability from 1st April 17. These ratepayers must not be in receipt of SBRR or transitional relief on 1st April 2017. The reduction in the rates bill will be £1,500.

6. CONSULTATION

- 6.1 Consultation has been carried out with the Cabinet Member(s) for Finance Resources, Councillor Goronwy Edwards whose observations are as follows:

‘As portfolio member I welcome and fully commend the contents of the report and support it offers to the SME sector in Conwy , and my appreciation to officers for the hard work on preparing the report’.

7. RESOURCE IMPLICATIONS

7.1 Financial Implications

The full cost of this relief will be met by the WG providing the scheme is administered appropriately.

8. RISK

- 8.1 Failure to apply the new rates relief may adversely affect local businesses’ ability to trade.

9. DRIVERS AND IMPLICATIONS

- 9.1 Links to the Corporate Plan and Risk Register:

- Outcome 5 - People in Conwy live in a County which has a thriving economy
- Outcome 6 - People in Conwy live in a sustainable environment

- 9.2 Any equalities, sustainability and biodiversity implications

There are no equalities, sustainability or biodiversity implications.

- 9.3 Effect/Impact on existing policies and procedures

The granting of this relief will help reduce poverty by providing assistance to many businesses during this current economic situation and also inject money into the Welsh economy and support jobs.

10. PUBLICATION

11. REASON(S) FOR RECOMMENDATION(S)

- 11.1 To allow the prompt granting of rates relief to qualifying businesses under the new High Street Relief Scheme.

12. REPORT REVIEW GROUP (RRG) COMMENTS

12.1 RRG supported the recommendations within the report.

(CTTEES17 – REP-007 – HSR REPORT)
29/03/2017