



CABINET - 16TH JULY 2014

**SUBJECT: NATIONAL NON-DOMESTIC RATE RELIEF GRANT FUNDING –
WG SCHEMES**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 The Welsh Government (WG) Minister for Economy, Science and Transport has announced two new national non-domestic rate (NDR), also known as business rate, relief schemes. Relief granted by the Authority under these new schemes is to be reimbursed by WG by way of specific cash-limited grants but, before any relief is awarded, the Authority must consider and adopt a resolution in respect of each scheme. Approval is sought to adopt the resolutions containing the details of these schemes in order to comply with the grant conditions.

2. SUMMARY

- 2.1 This report gives details of two new rate relief schemes offered by WG and provides 3 resolutions for consideration. The resolution at Appendix 1 is obligatory because WG has prescribed the details for that scheme. The report offers 2 options in respect of the other scheme with a recommendation that the resolution at Appendix 3 is adopted. The Authority must adopt the resolution at Appendix 1 and one of the resolutions set out in Appendices 2 and 3 in order to obtain the WG grant funding.

3. LINKS TO STRATEGY

- 3.1 These grant-funded initiatives are aimed at developing economic activity in Wales.

4. THE REPORT

- 4.1 WG has announced two new rate relief schemes; the 'Wales Retail Relief Scheme' and the 'Local Needs Scheme'. It is intended that the relief under these schemes will be made available subject to the Authority adopting appropriate resolutions and accepting the grant offer.
- 4.2 The first scheme, 'Wales Retail Relief Scheme', aims to provide assistance for eligible occupied retail non-domestic properties with a rateable value of £50,000 or less by offering relief of up to £1,000 on the business rate bill for the financial year 2014/15, subject to State Aid limits. The estimated funding for this scheme in respect of this Authority is £504k but the grant terms allow the Authority to submit evidence to WG to increase this, if the estimate proves inadequate.

- 4.3 The second scheme, the 'Local Needs Scheme', aims to provide rate relief for the financial year 2014/15 to support those businesses most negatively impacted by the postponement of the 5-yearly rating revaluation from 2015 to 2017 but may also be used to provide support for other local economic development priorities, subject to State Aid limits. The funding for this scheme in respect of this Authority is £174k however there is no provision for WG to revise this amount and so care must be taken to ensure that the Authority adopts a scheme that avoids any over spend.
- 4.4 Since the 'Local Needs Scheme' was announced, it has been widely agreed by local authority business rate managers and the Valuation Office Agency in Wales that there is insufficient data available to clearly identify those businesses most negatively affected by the postponed revaluation. Consequently, local authorities are looking to relate the rate relief offered under this scheme to local economic development priorities.
- 4.5 To that end, the Authority's Business Rate officers have consulted with Economic Development officers to agree how best to target the rate relief.
- 4.6 Since retail premises are going to benefit from the 'Wales Retail Relief Scheme' and currently the Authority's Economic Development priorities in terms of business support are aimed towards Small to Medium sized Enterprises in manufacturing and service to manufacturing, it seems appropriate for the 'Local Needs Scheme' to target ratepayers occupying premises with a rateable value of £50,000 or less that are involved in manufacturing and service to manufacturing.
- 4.7 The first option would be to prioritise certain areas within the County Borough and only award rate relief to those qualifying businesses situated within those areas in accordance with the criteria and conditions set out in Appendix 2. However, for the reasons listed below, this approach has its shortcomings and is therefore not recommended: -
- it may be difficult to justify from an equalities viewpoint;
 - ratepayers situated outside the prioritised areas may feel aggrieved at not being eligible for this relief (MPs have already contacted the Authority on behalf of ratepayers who operate in areas that may not be selected under this option); and
 - it is possible that the total grant may not be utilised under this option (more limited number of rate accounts qualifying due to limited qualifying areas), which may result in the Authority having to return some of the grant to WG.
- 4.8 The second option is the preferred option and would involve offering the 'Local Needs Scheme' rate relief across the whole of the Authority's area to ratepayers involved in manufacturing and service to manufacturing in accordance with the criteria and conditions set out in Appendix 3. This option has several advantages: -
- it would guarantee that, within Caerphilly County Borough, as many businesses as possible benefit from this assistance;
 - the Authority would be much more likely to spend the total amount of grant available; and
 - this pragmatic approach would minimise the bureaucracy for both businesses applying for the relief and the local authority in administering it.
- 4.9 Relief is to be provided under Section 47 of the Local Government Finance Act 1988 in accordance with the criteria and conditions specified in the resolution in Appendix 1 and whichever resolution is preferred from Appendices 2 and 3 of this report.
- 4.10 Appendix 1 is a guidance document issued by WG which in effect prescribes the detailed criteria and conditions for the 'Wales Retail Relief Scheme'.
- 4.11 Appendices 2 and 3 provide the proposed criteria and conditions for each of the 2 suggested options, one of which may be adopted as a 'Local Needs Scheme', within the terms and conditions imposed by the WG grant offer.

- 4.12 In order to qualify for this rate relief, each resolution requires that the ratepayer completes an application form issued by the Authority relating to the particular scheme; such application to be submitted to the Authority within the time periods detailed in the resolution.
- 4.13 As a condition of accepting the grant offer, the Authority must make the business community aware of the Schemes through its usual channels, such as its website, Town Centre Newsletter and the 'Newsline' publication. However, the Business Rate Team will write to all eligible businesses enclosing the appropriate application form to try and maximise take up of these new rate relief schemes.
- 4.14 Full details of the schemes, including the qualifying criteria, are included in the resolutions in Appendices 1, 2 and 3.

5. EQUALITIES IMPLICATIONS

- 5.1 WG has carried out an Equality Impact Assessment (EIA) regarding their 'Wales Retail Relief Scheme' and the Authority has carried out an EIA regarding the proposed 'Local Needs Scheme' along the same lines as the WG EIA. No evidence has been identified to suggest that the Scheme would have a differential impact on any of the protected characteristics.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial implications to the Authority as the Authority will be reimbursed by Welsh Government for any relief granted, provided it can evidence (if needed) that any additional expenditure falls within the terms of the 'Wales Retail Relief Scheme' grant offer and provided the expenditure for the 'Local Needs Scheme' does not exceed the amount detailed in that grant offer.
- 6.2 Based on an initial assessment of qualifying businesses for the 'Wales Retail Relief Scheme', this funding will be fully utilised for circa 560 businesses.
- 6.3 The preferred option for the 'Local Needs Scheme' as set out in Appendix 3 would result in a one-off payment to qualifying businesses of a minimum of circa £600, based on the current assessment of around 280 businesses that may be eligible to apply. These figures are subject to change due to the daily amendments made to the Authority's rating list. The actual amount payable to each business will be determined by the number of applications received.

7. PERSONNEL IMPLICATIONS

- 7.1 Regarding the 'Wales Retail Relief Scheme', there is a small administration grant of £3,438 on offer from WG subject to satisfactory evidence being submitted regarding the work undertaken to deliver the scheme. No funding is available to support the administration of the 'Local Needs Scheme' and so this will have to be undertaken using existing resources.

8. CONSULTATIONS

- 8.1 There are no consultation responses which have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 It is recommended that Cabinet determines that the resolutions detailed in Appendices 1 and 3 are adopted by the Authority with immediate effect and that the resolution in Appendix 2 is not adopted for the reasons stated in paragraph 4.7 of the report.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that the Authority complies with the grant conditions in order to obtain and fully utilise the grant funding in respect of any rate relief awarded under the WG schemes as detailed in the resolutions in Appendices 1 and 3.

11. STATUTORY POWER

- 11.1 Local Government Finance Act 1988 and Local Government Act 1972, 2000 and 2003.

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Background Papers:
Contact Council Tax and NNDR Manager (ext. 3421)

Appendices:
Appendix 1: Resolution - 'Wales Retail Relief - Guidance'
Appendix 2: Resolution - 'Local Needs Scheme' Option 1
Appendix 3: Resolution - 'Local Needs Scheme' Option 2