



CABINET– 24TH NOVEMBER 2021

SUBJECT: BUSINESS RATE RELIEF - WG FUNDING

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND
CORPORATE SERVICES**

1. PURPOSE OF REPORT

- 1.1 To recommend Cabinet approval of a local discretionary rate relief scheme for the financial year 2021/22 using funding provided by the Welsh Government (WG) for this purpose.

2. SUMMARY

- 2.1 This report gives details of a proposed local discretionary rate relief scheme for the financial year 2021/22 using £452k funding provided by the Welsh Government (WG) through the Local Government Financial Settlement. Business rate payers in the retail, leisure and hospitality sectors are receiving 100% rate relief for the 2021/22 financial year under a separate WG scheme and so have no business rates to pay for this period. It is therefore proposed that this scheme targets those ratepayers which still have to pay business rates for this year.
- 2.2 It is proposed that certain criteria adopted by WG in their rate relief schemes will apply to this scheme to ensure the rate relief is targeted as effectively as possible. The criteria can be found in point 5 of the report.

3. RECOMMENDATIONS

- 3.1 It is recommended that Cabinet approves and adopts this proposal for a local discretionary rate relief scheme for the financial year 2021/22 as detailed in paragraphs 5.1 to 5.9.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure the discretionary rate relief funding is effectively utilised to assist those eligible ratepayers that have to pay business rates for the financial year 2021/22.

5. THE REPORT

- 5.1 This report gives details of a proposed local discretionary rate relief scheme for the financial year 2021/22 using £452k funding provided by the Welsh Government (WG) through the Local Government Financial Settlement.
- 5.2 Members are reminded that business rate payers in the retail, leisure and hospitality sectors are receiving 100% rate relief for the 2021/22 financial year under a separate WG scheme and so have no business rates to pay for this period.
- 5.3 It is therefore proposed that this scheme targets those ratepayers which still have to pay business rates for this year. As at 1st September 2021 when the business rates data was analysed, from a total of 5,284 properties there were 1,515 business rate properties within the Council's area that had some rates to pay for 2021/22.
- 5.4 It is proposed that certain criteria adopted by WG in their rate relief schemes will apply to this scheme. Therefore, the following ratepayers or property types have been removed:
- Ratepayers who cannot receive discretionary rate relief, for example local authorities and bodies that precept (raise a levy) on council tax, such as the Police and Crime Commissioner;
 - Properties with a nil charge, for example, receiving 100% rate relief as occupied by a charity so no rates are payable;
 - Unoccupied properties because they are not in use and so there are no clear benefits to the community in awarding them rate relief.
- Having removed the above categories, the number of properties potentially eligible for this proposed scheme is 871.
- 5.5 Similar to criteria adopted by WG in their rate relief schemes, the following criteria will apply to this proposed scheme to ensure the rate relief is targeted as effectively as possible:
- Relief to be awarded in respect of the financial year 2021/22 for each day when the eligibility criteria are satisfied;
 - Relief to be restricted to a maximum of two qualifying properties per ratepayer, as happens with the Welsh Government's Small Business Rate Relief Scheme;
 - Relief to be awarded to occupied properties only;
 - Business rate payer must be in occupation on or before 1st September 2021;
 - Relief to be awarded from 1st April 2021, or from the date a ratepayer first occupies a property if after 1st April 2021;
 - Relief to be adjusted pro rata to match the occupation liability period if a ratepayer subsequently vacates the property before 1st April 2022.
- 5.6 Relief is to be provided under Section 47 of the Local Government Finance Act 1988 in accordance with the criteria and conditions specified in this report.
- 5.7 The rate relief will be awarded by the Business Rate Team to eligible ratepayers without the need for application in respect of no more than two qualifying properties. An explanatory covering letter will be issued with amended rate bills in each case where the rate relief is awarded.
- 5.8 Immediately after the relief has been directly awarded to known eligible cases, details of the scheme will be publicised via the Council's website and social media channels

to inform ratepayers of the scheme in case there has been a change in circumstance, of which the Business Rate Team is unaware.

5.9 **Conclusion**

This report sets out a proposed discretionary rate relief scheme for the financial year 2021/22 to ensure the rate relief available is targeted as effectively as possible. Cabinet is asked to approve the details of the scheme and determine that the scheme as set out within this report is adopted by the Authority with immediate effect.

6. **ASSUMPTIONS**

- 6.1 The costs of awarding the proposed rate relief is based on eligibility data held as at 1st September 2021.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 Based on a data analysis of the Council's Business Rate database, the IIA indicates that the awarding of the discretionary rate relief for the financial year 2021/22 will positively benefit those ratepayers who will receive it by reducing the amount of business rates they would otherwise have to pay. Awarding rate relief reduces business rate bills which lowers the running costs of premises and in turn may enable businesses to maintain or enhance employment opportunities. Not progressing with the proposal could have the reverse negative impact as those ratepayers would not benefit from a reduction in business rates payable.

Link to full Integrated Impact Assessment

<https://www.caerphilly.gov.uk/CaerphillyDocs/IIA/ia-form-financial-services-business-rates-24-nove>

8. **FINANCIAL IMPLICATIONS**

- 8.1 Funding has been provided for targeted rate relief through the Local Government Financial Settlement. A budget of £225k was available in the 2020/21 financial year but this was not utilised due to staff focussing on the processing and payment of Covid-19 Business Grants.
- 8.2 The 2020/21 funding of £225k has been carried forward and added to the budget of £227k in the 2021/22 financial year, resulting in £452k being available for the scheme proposed in this report.
- 8.3 Based on an assessment of the proposed criteria and the number of eligible properties as at 1st September 2021, of which there are 871, it is estimated that a maximum amount of £535.00 rate relief per qualifying property could be awarded. This equates to around £443k which will leave approximately £9k in reserve for any new eligible cases not catered for in the original estimate, for example, where the Valuation Office Agency bring a new business property into the rating list at any time after 1st September 2021 which was first occupied by a ratepayer on or before that date.
- 8.4 Targeted rate relief schemes for subsequent financial years will be subject to further reports to Cabinet.

9. PERSONNEL IMPLICATIONS

- 9.1 No additional funding is available to support the administration of the proposed scheme and so this will have to be undertaken using existing resources.

10. CONSULTATIONS

- 10.1 Clarification was sought on several points by Cllr Miles in her capacity as Vice Chair of the Policy and Resources Scrutiny Committee. It was confirmed that, as regards the specific rate relief funding which is the subject of this report:
- no rate relief was given during 2020/21, albeit that the funding has been carried forward to support the proposed scheme in the 2021/22 financial year;
 - if a scheme had been put in place for last year using the funding allocated in 2020/21 based on the same number of eligible cases, the maximum relief award would have been approximately £265 for last year, with this year's funding giving a maximum award of around £270. The total amount of relief available across the 2 years would have been of a similar value overall, i.e., around £535;
 - the aim of the proposed scheme is to provide this rate relief to businesses that continue to trade. It is only those businesses that have ceased trading or moved to another local authority area that will not benefit from the proposed scheme;
 - all eligible business rate payers will automatically receive rate relief this year of up to £535 (pro rata if they don't occupy the premises for the full 12 months). Where the rates payable are less than £535 for 2021/22, the amount of relief given will match the amount payable;
 - the rules regarding eligibility for other types of rate relief, such as small business rate relief or retail, leisure and hospitality rate relief are identical for last year and the current year.
- 10.2 There were no other comments received from consultees in respect of this report.

11. STATUTORY POWER

- 11.1 Local Government Finance Act 1988, Government of Wales Act 2006 and Local Government Act 1972, 2000 and 2003. This is an Executive function.

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Background Papers: None