

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

21st FEBRUARY 2024

NON-DOMESTIC RATE (NDR) RELIEF SCHEMES 2024/25

**REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR OF FINANCE,
DIGITAL & FRONTLINE SERVICES IN DISCUSSION WITH THE RELEVANT
PORTFOLIO HOLDER (CLLR T LEYSHON)**

Author(s): MR MATTHEW PHILLIPS, HEAD OF SERVICE (REVENUES & BENEFITS)

1. PURPOSE OF THE REPORT

1.1 The purpose of the report is to provide Cabinet with:

- a) Details of the Welsh Government Non-Domestic Rates (NDR) – Retail, Leisure and Hospitality Rate Relief (RLH) Scheme for 2024/25.
- b) Details of the Council’s local business rate reduction scheme.
- c) Details of new Non-Domestic Rate reliefs available to qualifying business rate payers from 1st April 2024.

2. RECOMMENDATIONS

2.1 It is recommended that Cabinet:

- a) Note the details of the Welsh Government (WG) RLH Scheme and formally adopt the scheme for the year 2024/25.
- b) Note the continuation of the proposed local Business Rate Reduction Scheme for 2024/25.
- c) Note the new Non-Domestic Rate reliefs available to qualifying business rate payers from 1st April 2024.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that qualifying businesses benefit from the RLH scheme and the local business rate reduction scheme for the whole of the financial year 2024/25 (in relation to business rate payments) and that Cabinet adopt the RLH scheme and are aware of the new reliefs for qualifying business rate payers.

4. BACKGROUND

4.1 In March 2020, in response to the growing concerns about the impact of the COVID 19 pandemic on the economy in Wales, WG published details of a financial support package for businesses, which included a new temporary business rates relief scheme.

- 4.2 The WG scheme, the Retail, Leisure and Hospitality Rate Relief scheme has provided much needed support to qualifying businesses, in line with a laid down criteria, since the 2020/21 financial year. Alongside, Cabinet also agreed to provide additional rate relief through a Local Business Rate Relief Scheme during this period to those qualifying businesses. Members will note that for the current financial year, 2023/24, Cabinet agreed a scheme that would provide additional rate relief of up to £500 to a qualifying business.
- 4.3 As of 1st January 2024, over £2.9M of RLH relief had been provided to over 450 qualifying businesses and £133K of local rate relief to 402 businesses for the financial year 2023/24.

5. RETAIL, LEISURE AND HOSPITALITY (RLH) RATES RELIEF IN WALES SCHEME

- 5.1 On 19th December 2023, WG announced the RLH scheme for 2024/25 recognising that businesses and other ratepayers are continuing to experience pressures in the current economic climate and set out its continued commitment to supporting businesses to recover from the impacts of on-going economic challenges.
- 5.2 The RLH scheme for 2024/25 will provide 40% rates relief (currently 75%) for the next financial year and is aimed at businesses and other ratepayers in Wales in the retail, leisure and hospitality sectors, such as shops, pubs, restaurants, gyms, performance venues and hotels.
- 5.3 The scheme aims to provide support for eligible occupied properties by offering a discount of 40% on the non-domestic rates bill of all eligible premises. The scheme will apply to all eligible ratepayers but the overall value of RLH relief that can be allowed (across Wales) is £110,000 per business.
- 5.4 The list of the types of businesses able to qualify for the relief is set out at Appendix 1 with those non-qualifying businesses set out at Appendix 2. One of the key qualifying criteria is that the property (hereditament) is used for the provision of goods and / or services to visiting members of the public.
- 5.5 As the scheme is a temporary measure, WG are providing the relief by reimbursing Councils who use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988. It will be for individual Councils to adopt the scheme and determine awards in each individual case under Section 47. The WG will reimburse local authorities for the relief that is provided in line with this guidance via a grant under Section 31 of the Local Government Act 2003 and Section 58A of the Government of Wales Act 2006.
- 5.6 In line with WG requirements, businesses will need to make an application to the Council for the RLH relief to be assessed and applied to their NDR bill and it should be noted that the RLH scheme is subject to subsidy controls under the Subsidy Control Act 2022 which means that ratepayers must declare that they do not breach subsidy limits as a result of receiving RLH.

6. LOCAL BUSINESS RATE REDUCTION SCHEME

- 6.1 In order to further support our Retail, Leisure and Hospitality businesses in 2024/25 it is proposed that the local discretionary relief continues to be provided of up to a maximum of £500 per qualifying business. This is in **addition** to the WG RLH scheme.
- 6.2 The qualifying criteria of the RLH scheme shall be applied. It is estimated that 500 businesses in Rhondda Cynon Taf would benefit from this further support.
- 6.3 In cases where the “net” rates bill (following the award of RLH and any other applicable reliefs) is less than £500, the rates bill will be reduced to zero.
- 6.4 Subject to an application and eligibility for RLH, the Council will also award up to £500 local discretionary relief. Businesses will then receive an adjusted Non Domestic Rates bill, net of RLH relief and the Local Business Rate relief.
- 6.5 It is noted that there are no planned changes to the WG’s Small Business Rate Relief Scheme.
- 6.6 The financial implications of the Local Business Rate Reduction Scheme have already been factored into the Council’s Medium Term Financial Plan and Revenue Budget.

7. NEW NON-DOMESTIC RATES RELIEF SCHEMES

- 7.1 Following consultation exercises, WG announced two new schemes that would be available to qualifying business ratepayers from 1st April 2024. These reliefs are:

(a) Improvement Relief

The WG recognises that many businesses see the NDR system as a disincentive to investing in property improvements, as any resulting increase in a property’s rateable value may lead to a higher bill. Improvement relief has been introduced to help address this potential barrier to growth and investment in the tax-base, from 1st April 2024.

The relief is intended to support ratepayers investing in improvements to their non-domestic properties which will support their business, by providing relief from the effect of a resulting rateable value increase on their NDR liability for a period of 12 months.

A detailed guidance note is available for ratepayers.

[Non-Domestic Rates – Improvement Relief | Business Wales \(gov.wales\)](#)

(b) Heat Networks Relief

The Welsh Government is committed to decarbonisation and net-zero goals. Heat networks relief has been introduced to help support the growth in the low-carbon area of this sector that is anticipated over the next decade.

Heat networks supply thermal energy from a central source to consumers, through a network of pipes. They vary considerably in their scale and use, from a common heating system in a building with multiple occupiers, to large standalone networks providing heat or power to many customers and buildings across a large area. The WG is providing full (100%) relief to non-domestic hereditaments which are used wholly or mainly as a heat network and supply thermal energy generated from low-carbon sources.

A detailed guidance note is available for ratepayers.

[Non-Domestic Rates – Heat Networks Relief | Business Wales \(gov.wales\)](#)

7.2 Alongside these changes and commitment to financial support for businesses during 2024/25, WG has taken the following action:

- The increase in the NDR multiplier for 2024-25 will be capped at 5%, resulting in a multiplier of 0.562 (subject to approval by the Senedd, 20th February 2024). This is lower than the 6.7% increase that would otherwise apply from the default inflation of the multiplier in line with CPI and will benefit all ratepayers who do not already receive full relief.

8. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

8.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.

9. WELSH LANGUAGE IMPLICATIONS

9.1 There are no Welsh language implications as a result of the recommendations in this report.

10. CONSULTATION / INVOLVEMENT

10.1 No consultation was needed on the WG RLH scheme. The Local Business Rate Reduction Scheme has been subject to previous consultation.

11. FINANCIAL IMPLICATION(S)

11.1 The Council has already included the resource requirement in its Medium Term Financial Plan and proposed 2024/25 Revenue Budget Strategy to fund the local Business Rates Reduction scheme.

11.2 The Welsh Government will reimburse local authorities for the RLH relief that is provided in line with its guidance via a grant under section 31 of the Local Government Act 2003 and section 58A of the Government of Wales Act 2006.

12. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 12.1 The RLH Relief Scheme is in accordance with the Council's statutory powers under Section 47 of the Local Government Finance Act 1988.
- 12.2 For the scheme to be applied in Rhondda Cynon Taf, the Council needs to formally resolve to adopt the scheme locally in exercise of its discretionary powers under section 47(1) (a) of the 1988 Act and the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services will administer the scheme and make the necessary determinations in accordance with the Council's 'officer scheme of delegation'.

13. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 13.1 The proposals are aligned to the Council's Corporate Plan priorities and the well-being goals, as set out within the Well-Being of Future Generations Act, in particular 'a more prosperous Wales'.

14. CONCLUSION

- 14.1 The adoption of the WG RLH Rate Relief Scheme and the Local Discretionary Business Rates Relief Scheme will provide further much needed financial support for local businesses to meet their 2024/25 rate liability and forms part of a wider package of support intended to create and maintain vibrant town centres across Rhondda Cynon Taf, which is something that this Council has committed to in its Corporate Plan.
- 14.2 The introduction of the new relief schemes relating to improvements of business premises and heat networks aim to encourage development and improvements to existing buildings, as well as providing full rates relief to those facilities that are wholly or mainly heat networks and supply thermal energy generated from low-carbon sources.

Appendix 1

Examples of the types of retail premises that **may** qualify for assistance under the Wales Retail, Leisure and Hospitality Relief Scheme:

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)

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 (e.g. for theatre)
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair
- Funeral directors
- Photo processing
- DVD or video rentals
- Tool hire
- Car hire
- Estate and letting agents

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 the following.

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

Hereditaments that are being used for the assembly of visiting members of the public

- Public halls
- Clubhouses, clubs and institutions

We consider hotels, guest and boarding premises, and self-catering accommodation to mean the following.

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

Appendix 2

Examples of the types of retail premises that **will not** qualify for assistance under the Retail, Leisure and Hospitality Rates Relief Scheme:

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, pawnbrokers)
- Medical services (eg vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg solicitors, accountants, insurance agents, financial advisers, tutors)
- Post Office sorting offices
- Day nurseries
- Kennels and catteries
- Casinos and gambling clubs
- Show homes and marketing suites
- Employment agencies

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 listed under Appendix 1.

Hereditaments that are not occupied

Properties that are not occupied on 1 April 2024 should be excluded from this relief. However, under the mandatory Empty Property Rates Relief scheme, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases, six months) of being empty.

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.

Other Information:-

Relevant Scrutiny Committee:

Overview and Scrutiny

Contact Officer – Matthew Phillips

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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Background Papers

NONE

Officer to contact:

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