

Supporting information provided by the petitioner

Introduction

Welsh business across all sectors but particularly those in the tourism and retail sectors operating in rural communities like Narberth, Pembrokeshire have had a difficult time in 2009. They have had to deal with the effects of the recession, which has provided immensely challenging trading conditions. Furthermore poor weather in the summer, the last quarter of 2009 and at the start of 2010 has been disastrous. October 2009 saw the publication of the Valuation Office Agency's (VOA) quinquennial Business Rate Revaluation (or NNDR) to commence in April 2010. It should be noted that the base-line for statistical evidence was set at April 2008, before the recession had started in the UK. Given the difficulties already facing business, the increase in rates proposed by the Rate Revaluation are unsustainable.

Background

The huge increase in Rateable Values is attributed, by the VOA, to the increase in rental values for the town (and Pembrokeshire). This has been influenced by the historical Rural Rate Relief given to the town between 2002 and 2007 (Narberth is a rural community with a population of less than 3000). Narberth has grown as 'niche retail'/shopping centre supporting Pembrokeshire's rural and tourist community. The result has been that premium rents have been charged for the town and its High Street because more than half of the businesses are 'owner occupied'.

The Welsh Assembly Government's adjustment of the Multiplier(UBR) and Small Business rate relief demonstrates that it has started to understand the impact that the Rate Revaluation will have on the Welsh economy and its businesses. Unfortunately this response from the Welsh Assembly Government is still way behind the level of support given to SME business in England, Scotland and Northern Ireland.

Results of the 2010 Rate Revaluation and their affect on Narberth Town.

See Table 1

We initially thought that the (much quoted) 210% increase in Rateable Values for High Street Narberth would instigate some sort of help. But even with the reduction of the 'multiplier' and the increase in the threshold for businesses qualifying for 'Small Business rate relief' because Narberth has had such a large

Rateable Value increase, it has resulted in an up to 240%+ increase in the amount to be paid to the Welsh Assembly Government for NDR's. Consequently at present only 13 retail businesses exceed RV's of more than £9000 but in April 2010 47 will exceed £11,000 RV!

This is of course unsustainable.

The impact will be felt across ALL retail and support businesses including our Banks. The average increase for our three banks (only one is sited in the High Street) is 147%. To put it in monetary terms they will have to pay an average £5,213 pa more each (The High Street Branch £7,576 more) – will they reduce staff or close? The tourism sector faces 50%+ increases. And as Table 1 shows, for Narberth's retail businesses, dependent on the tourism sector, things are looking bleak. I hope that you can now see the enormity of the problem confronting Pembrokeshire businesses (for completeness figures for Pembrokeshire as a whole, provided by Pembrokeshire County Council, are listed in Table 2).

Initial actions by the Narberth Chamber of Trade and the Town Action Team

Correspondence etc with:

Nick Ainger MP. Angela Burns AM. Nicholas Bourne AM. Nerys Evans AM. Kirsty Williams AM.

Federation of Small Businesses, Valuation Office Agency, Pembrokeshire County Council, Lord Mandleson.

Publicity TV radio press

Two very well supported public meetings held on 9/11/09 and 21/12/09, called by our Assembly Member Angela Burns AM. More meetings planned.

- **5th November interview with BBC Radio Wales – broadcast 7:45**
- **BBC Radio Wales 'Wales at Work' half hour program devoted to Rate increases live interviews with secretary. Broadcast 24th Nov 6:25 to 7pm**
- **10th November BBC TV Dragons Eye interviews with action committee members, broadcast 26th at 10:45pm**
- **Press reports in Western Mail, Western Telegraph, Observer, Carmarthen Times etc**

The Petition and what we would like Welsh Assembly Government to do

As it is stated within the petition

“We the business ratepayers of Narberth call upon the National Assembly of Wales to urge the Welsh Assembly Government to conduct an impact assessment on how businesses in the town will be affected by the changes in rateable values. This assessment should include the effect on jobs and business closures”

We need this assessment to be carried out immediately. Additional measures must be introduced by the Welsh Assembly Government to reduce the impact on businesses suffering very large increases in their rate bills. Right now businesses are seriously considering stopping trading before April 2010. These tend to be (but not limited to) small businesses with only a few employees. The Rate Revaluation and subsequent increase in outgoings will come at a time when the economic climate is already having a detrimental effect and poor weather has further disrupted trading. Many businesses believe it is more prudent to reduce staff or cease trading NOW rather than trying to soldier on for the first quarter of the year and then face further financial hardship or even bankruptcy later on.

We believe that the impact assessment will reflect the despondency felt by Narberth (and other Pembrokeshire) businesses and that without further assistance our town will cease to be the bustling and vibrant flagship community it has become, setting back 20 years of work that has gone into developing and building the town. We further believe that there are small pockets of similar rural SME's throughout Wales who have been affected and will require help if they are to survive.

Without providing the help and support they need, there will be businesses closures and job losses that will cost the Welsh Assembly Government dear in monetary, employment and human terms.

Conclusion

A Welsh “Rate Cap” should be implemented in order to limit the extreme and damaging increases in the 2010 Rateable Revaluation to the Welsh economic.

The Welsh Assembly Government may not be able to match the cap in England on increases of 5% and above. But it needs to declare a limit to the revaluation increases for Welsh businesses. Any limit would be of enormous help to hard pressed SME's, who are the bedrock of future growth and development as well as vital to the Welsh economy.

TABLE 1 Narberth statistics

Area Totals (Number of 'Businesses')	2005 List Rateable Value	2005 Rates Payable with 0.489 Multi	2005 Rates Payable(Including SB Rate Relief) - TOTAL	2010 list Rateable Value	2010 Rates Payable with 0.409 Multi	2010 Rates Payable (Including SB Rate Relief) - TOTAL	% INCREASE in Rateable Value 2005- 2010	INCREASE in TOTAL Rates Payable 2005 to 2010 (all reductions applied)	% INCREASE to be found to pay 2010 UBR (2010 multiplier & SBRR applied)
			THIS IS THE AMOUNT BUSINESSES CURRENTLY PAY ANNUALLY FOR THEIR RATE BILL			THIS IS THE AMOUNT BUSINESSES MUST FIND ANNUALLY FOR THEIR RATE BILL		EXTRA CASH BUSINESSES WILL NEED TO FIND APRIL 2010	THIS IS THE PERCENTAGE AMOUNT BUSINESSES WILL HAVE TO PAY EXTRA
Narberth Town (217)	£1,432,895	£803,161	£615,043	£2,394,965	£1,084,556	£903,239	67%	£288,196	47%
Town less schools, cemetery, car park etc (205)	£1,223,350	£700,694	£514,297	£2,138,240	£979,554	£800,341	75%	£286,044	56%
All Retail (90)	£479,345	£234,404	£196,399	£1,163,575	£475,910	£444,345	143%	£247,946	126%
High Street (47)	£279,470	£136,666	£113,749	£786,705	£321,766	£311,352	181%	£197,603	174%
High Street Shops only (34)	£208,975	£102,192	£85,132	£619,100	£253,537	£245,537	196%	£160,405	188%
Actual Examples									
Small Retail 1 (High Street)	£2,950	£1,443	£1,082	£9,100	£3,722	£2,792	208%	£1,710	158%
Small Retail 2 (High Street)	£3,650	£1,785	£1,339	£11,250	£4,601	£4,601	208%	£3,262	244%
Medium Retail (High Street)	£7,100	£3,472	£2,604	£22,000	£8,998	£8,998	210%	£6,394	246%
Large Retail (High Street)	£23,500	£11,492	£11,492	£73,000	£29,857	£29,857	211%	£18,365	160%
PLEASE NOTE THAT CURRENTLY 13 NARBERTH RETAIL BUSINESSES EXCEED £9000 RV BUT IN 2010 47 Retail Businesses will exceed £11000 RV									

TABLE 2 Pembrokeshire County Council figures for Rate Revaluation 2010

Commercial	Number of Businesses	% Average Change in Ratable Value
Hotels, Boarding Houses etc	1487	54.37%
Camping Sites, Holiday Centers etc	185	51.00%
Petrol Filling Stations, Garages etc	165	33.51%
Restaurants, Café etc	153	29.95%
Shops, Banks, Post Offices etc	1358	29.81%

Supporting letter from Angela Burns AM

Angela Burns AM / AC

Welsh Conservative Member for Carmarthen West
and South Pembrokeshire / Aelod y Ceidwadwyr
Cymreig dros Gorllewin Caerfyrddin a De Sir Benfro



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

Val Lloyd AM,
Chairman of the Petitions Committee,
National Assembly for Wales,
Cardiff Bay,
CF99 1NA.

Our Ref / Ein cyf: **AB/SW/NRP**
Your Ref / Eich cyf:

Wednesday, 13 January 2010

Re: Narberth Chamber of Trade petition regarding Business Rates

I am writing to you in my capacity as Assembly Member for Carmarthen West and South Pembrokeshire to express my support for the petition submitted by business rate payers in Narberth.

You will already be aware, from various plenary sessions, that many traders in Pembrokeshire and in Narberth in particular, have been shocked to discover that the rateable value of their businesses will increase by an average of 200%. In one instance the increase is a staggering 400%. It is incredulous to discover that shops in Narberth, which is just a small market town, are now somehow on a par, per square metre, with property in Cowbridge in the Vale of Glamorgan, which is so much more affluent in every other aspect.

A local survey of the town has indicated that at least 21 members of staff will lose their jobs as a result of the increase. Another 16 outlets are waiting to hear what package of support will be offered, but if there is no help available they will close, bringing the total number of job losses to 60. This will have a dramatic effect on the whole community.

I discussed the matter at length with Brian Gibbons AM, have since written to the new Minister Carl Sergeant AM and have raised the matter in debate and questions. In early December the Leader of the Opposition called for a statement to be made confirming that the threshold for small business rate relief would be raised. Both the Consul General and the First Minister indicated that it would be forthcoming before the end of term. The written statement was released during recess and although possibly a step in the right direction for some, for many traders in Narberth this does not take them out of the danger zone. In fact, for some businesses, due to the huge hike in rateable values, it results in them being no longer eligible for any assistance whatsoever. Further consideration of the bigger picture is essential to get the balance right.

I am urging the Minister and the Welsh Assembly government to give additional help to those in Wales whose rates increases amount to more than 100%, when the national average is only in the

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Angela Burns AM / AC

Welsh Conservative Member for Carmarthen West
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region of 19% as a whole. For those suffering at this level there will be no option but to close their businesses. A disaster for Narberth, for Pembrokeshire and for Wales.

A number of retailers have already been forced to consider closing their premises after this bitterly cold Christmas, and sales during the period January to March usually fall because Pembrokeshire depends heavily upon tourism for trade.

The situation that Narberth traders have been forced into I find unacceptable when businesses are already facing such a difficult time during this recession. I would urge you as committee members to consider this petition most carefully and I have no doubt that from the information provided by myself and others you will see that further assistance to the traders of Narberth and others experiencing the same situation is a matter of urgency.

I look forward to following your progress on the petition.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Angela Burns'.

Angela Burns AM / AC
Shadow Minister for the Environment and Planning
Gweinidog yr Wrthblaid dros yr Amgylchedd a Chynllunio

cc: Naomi Stocks, Clerk to the Petitions Committee



Nicholas Bourne AM
Welsh Conservative Member for Mid &
West Wales

Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

NB/AM

Cardiff Bay, Cardiff, CF99 1NA
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Eich cyf / Your ref:
Ein cyf / Our ref: NB/PM
13 January 2010

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Nicholas.bourne@wales.gov.uk

Naomi Stocks
Clerk
Petitions Committee
National Assembly for Wales

Dear Naomi

Narberth Chamber of Trade petition regarding Business Rates

I understand that the Petitions Committee has received, or is shortly to receive, a Petition submitted by business rate payers in Narberth.

This relates to the proposed Business Rate Revaluation which will hit traders in Narberth particularly hard with some businesses seeing their rates double. This will inevitably have an adverse effect on the viability of many businesses who may be forced to lay off staff in a bid to cut costs to survive. I have raised this matter many times in the Chamber and have called for a package of measures to be introduced to alleviate the effects of this valuation on businesses and communities such as Narberth. The petition supports this and I would ask that the Committee give careful consideration to the Narberth Traders case.

I look forward to hearing from you.

Yours sincerely

NB
Nicholas Bourne
Leader of the Opposition

Carl Sargeant AC/AM


**Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth
Leol
Minister for Social Justice and Local Government**



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref
Ein cyf/Our ref CS/00009/10

Val Lloyd AM
Chair of Petitions Committee
National Assembly for Wales
Ty Hywel
Cardiff Bay
Cardiff
CF99 1NA

 January 2010

Dear Val,

Thank you for your letter of 7th January enclosing a petition from Narberth Chamber of Trade.

The 2010 revaluation has taken place, and, as I announced in my statement on 22 December, I will be increasing the thresholds for the small business rates relief scheme so that most businesses whose rateable values have increased in line with the average will remain within the relief thresholds.

Revaluation is not a tax raising measure, but simply redistributes the rates payable between properties based on their relative values at the time of the revaluation. Consequently, some rates bills will rise and some will fall, but the average national bill will only change roughly in line with any increase or decrease in the September 2009 retail price index. Over 60 per cent of ratepayers will benefit from the Revaluation and will see a reduction in their bills, because we have provisionally reduced the multiplier for 2010-2011 from 0.489 to 0.409. The average increase in rateable values in Wales is 19.55 per cent. Unless a property increases in value so that it ceases to qualify for small business rates relief, it will see a reduction in rates bills if the increase is below the average.

I am aware that some individual businesses, and, in certain local hotspots clusters of valuations have increased by significantly more than average, but this reflects local rental values, which form the basis of non domestic rating valuations. I do not propose to undertake an assessment on individual areas as requested by the petitioners, as non domestic rates is only one of many factors that affect the viability of businesses.

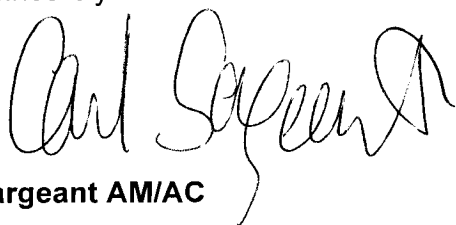
The Assembly Government gave careful consideration to additional forms of assistance, including targeted measures to help small and medium sized businesses whose rateable values have increased by significantly more than the average, but due to the current difficult financial situation was unable to provide any additional funding for a viable scheme within the budget that was passed by the Assembly on 8 December 2009.

The Valuation Office Agency (VOA) is responsible for assessing the rateable value of properties. Any ratepayer who feels that their rateable value has been set too high can ask the VOA to review the valuation of the premises, and if an agreement is not reached, they have the right of appeal, free of charge, to an independent Valuation Tribunal. The Assembly Government is unable to intervene in this process. The VOA can be contacted on their main telephone helpline at 0845 602 1507.

The Local Government Finance Act 1988 gives local authorities the power to grant relief to businesses on real grounds of hardship. Local authorities must be satisfied that the ratepayer would sustain hardship if the relief is not granted, and that it is in the interest of council tax payers for it to do so. The Assembly Government funds 75 per cent of all hardship relief granted by local authorities

There are other mechanisms to help businesses and the Assembly Government has put together an extensive package of measures of support. Full details can be found online at <http://www.business-support-wales.gov.uk> or by telephone at 03000 6 03000.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carl Sargeant', with a stylized flourish at the end.

Carl Sargeant AM/AC

Pwyllgor Menter a Dysgu
Enterprise and Learning Committee
Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff CF99 1NA

Christine Chapman
Chair
Petitions Committee
National Assembly for Wales
Cardiff Bay
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3 February 2010

Dear Chris

PETITION: BUSINESS RATES IN NARBERTH

Thank you for your letter dated 2 February 2010 concerning the above petition, in which you asked whether the Enterprise and Learning Committee had recently considered the issue of business rates.

In our report on the Welsh Assembly Government's Response to the Current Economic Downturn (published on 14 May 2009) we made the following recommendation:

"We are of the opinion that the Welsh Assembly Government, following the example of the Scottish Executive, should be providing more business rate relief, which could help businesses throughout Wales."

I have enclosed with this letter, copies of the relevant paragraphs (46 to 48) of our report, together with an electronic link:

<http://www.assemblywales.org/bus-home/bus-guide-docs-pub/bus-business-documents/bus-business-docs-laid.htm?act=dis&id=129275&ds=5/2009>

The Welsh Government's response to our report, debated in the Assembly on 1 July 2009, rejected our recommendation. During that Plenary debate, I expressed disappointment, on behalf of the Committee, that the Minister had not accepted our argument. I also enclose a copy (and electronic link) of the relevant section (paragraph 10) from the Welsh Government's written response.

Dr Siân Phipps
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<http://www.assemblywales.org/bus-home/bus-guide-docs-pub/bus-business-documents/bus-business-documents-doc-laid.htm?act=dis&id=134393&ds=6/2009>

I hope this information is useful to the Petitions Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gareth', written in a cursive style.

**Gareth Jones AM
Committee Chair**

straightforward access to information, advice and support for all existing businesses and prospective businesses via a single website, a national telephone number, and face to face contact through a network of local centres.

43. **Given the importance of this new service, we recommend that the Welsh Assembly Government keeps under review the criteria for FS4B to ensure that they are appropriate to the current economic situation and publishes details of the implementation of the new scheme, including the outputs and outcomes.**

Single Investment Fund

44. The Single Investment Fund (SIF) was introduced in April 2008 as a new unified source for a package of financial and specialist support from the Assembly Government to meet businesses' individual needs. **Given the importance of this fund, we recommend that the Welsh Assembly Government keeps under review the criteria for the single investment fund to ensure that they are appropriate to the current economic situation and publishes details of the implementation of the new scheme, including the outputs and outcomes.**

Workforce Development Programme

45. We were glad to learn of a major extension to this programme to provide additional training assistance to businesses that are suffering during the downturn.

Business rates

46. A number of witnesses expressed their concern that business rates will rise by 4.9 per cent, since they are based on the retail price index of last September. There was also criticism of a perceived lack of

consultation with key stakeholders on the Welsh Assembly Government's decision to implement the rise in full.

47. On 1 April 2009, after our inquiry had finished, but before we agreed our final report, the Welsh Assembly Government announced that it would follow the lead of the UK Government and implement the rise over three years. Rates are now due to rise by 2 per cent this year, and 1.5 per cent in each of the following two years.
48. **We are of the opinion that the Welsh Assembly Government, following the example of the Scottish Executive, should be providing more business rate relief, which could help businesses throughout Wales.**

Procurement

49. More effective procurement policies could assist a number of sectors but would impact on the construction industry in particular. In the words of CBI Wales, construction is 'on its knees in Wales' with fewer houses being built than at any time in over 80 years.
50. **We recommend that Value Wales reviews how further acceleration of sustainable procurement practices across the public service would bring forward added benefits.**
51. According to the Minister, the public sector procures business worth £4.5 billion a year in Wales. He is therefore working to streamline accessibility to Government contracts.
52. We were concerned by the evidence we examined that payments were not being made to subcontractors in a timely manner. Clauses in contracts stating a deadline by when sub-contractors must be paid would create more sustainable communities where more employees would have disposable income to reinvest in local businesses. **We**

10. We are of the opinion that the Welsh Assembly Government, following the example of the Scottish Executive, should be providing more business rate relief, which could help businesses throughout Wales.

Response: Reject

Rates relief for small businesses in Wales was enhanced in December 2008 and backdated to 1 April 2008 in line with the Assembly Government's One Wales commitment and we have made available £20 million to fund rates relief for small businesses in Wales.

Up to half of all business premises in Wales could benefit from this relief, and, when other such reliefs such as those for charities and unoccupied properties are taken into account, most business premises in Wales do benefit from a reduction in their rates.

A balance must be made regarding the most beneficial apportionment of resources to fund business rates relief as opposed to other schemes. The Assembly Government keeps under review developments in other parts of the United Kingdom, and the effectiveness of the small business rates relief scheme in Wales. As part of this process it will be commissioning research into the effectiveness of rates relief later this year, and representatives of the businesses sector will be invited to contribute and give evidence. Any enhancement to this relief should be considered in the light of the evidence that emanates from this research.

Financial Implications:

Rates are an important source of funding for local authorities – any reduction in revenue collected as a consequence of increasing relief has to be borne either by local authorities, through reductions in services or increases in council tax, or by the Assembly Government, which would have to make corresponding reductions to resources available for other areas. If the Scottish scheme were to be implemented in Wales it could cost up to an additional £70 million.

11. We recommend that Value Wales reviews how further acceleration of sustainable procurement practices across the public service would bring forward added benefits. (page 13 para 50)

Response: Accept

The Assembly Government led Procurement Task Force, under the Chairmanship of Andrew Davies AM, Minister for Finance and Public Service Delivery, has already overseen three successful pilots of the use of Community Benefits/Social Clauses aimed at getting long-term economically inactive people back into work as part of public sector construction contracts. Commissioned research indicates that if this was

Our Ref/Ein Cyf:

Your Ref/Eich Cyf:

Date/Dyddiad:

Please ask for/Gofynnwch am:

Direct line/Llinell uniongyrchol:

Email/Ebost:

P-03-271

30th March 2010

Tim Peppin

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tim.peppin@wlga.gov.uk



WLGA • CLILC

Christine Chapman AM
Chair, Petitions Committee
National Assembly for Wales
Cardiff Bay
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Dear Christine

P-03-271 Business rates in Narberth

Thank you for your letter to Steve Thomas dated 11th February. Can I apologise for the time it has taken me to respond on this important issue.

I understand that the issue of business rates was raised at Pembrokeshire's full Council meeting in December 2009 and their Economic Overview and Scrutiny Committee has discussed the situation with the Valuation Office Agency.

As part of the Council's response to the economic conditions they have introduced a number of specific initiatives to assist local businesses e.g. they have increased tourism marketing spend, increased local procurement, improved prompt payment performance and brought forward some capital schemes.

On the broader regeneration front the Council has a number of regeneration projects including Townscape Heritage Initiative programmes (with Heritage Lottery funding), European Convergence Programme funded projects and town centre improvement (public realm) schemes in Haverfordwest and Tenby.

In relation to business rates specifically, under the Local Government Finance Act 1988 local authorities can provide discretionary rate hardship relief (which is 75% funded by WAG). However, they are not able to operate a 'blanket policy' to target particular geographical areas, such as Narberth, or specific categories of business.

Charities are entitled to relief from rates of any non-domestic property which is wholly or mainly used for charitable purposes. Relief is given at 80% of the rate bill. The billing local authority has discretion to remit all or part of the remaining 20% of a charity's bill on such property. It can also give relief in respect of property occupied by certain other bodies not established or conducted for

Steve Thomas
Chief Executive
Prif Weithredwr

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www.wlga.gov.uk

profit. In addition to this rate relief is granted to community amateur sport clubs, provided that clubs are defined and registered as such with the Inland Revenue.

I understand that the Leader of the Council wrote to Brian Gibbons AM on 13th November highlighting concerns over the discretionary rate relief system and its limitations in terms of being able to assist businesses during the recession. The (then) Minister's response referred to c£1m being made available by WAG to assist the tourism sector and the new Small Business Rate Relief System (c£20m). Since then, as you will be aware, on 9th February the Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) Order 2010 was laid before the National Assembly by Carl Sargeant. This Order raises thresholds for relief with effect from 1 April 2010, in response to the non-domestic rating revaluation in 2009. It means that businesses within the relief thresholds whose valuations have increased in line with the national average should remain within the relief thresholds. Whilst welcome, this may be of limited help to areas such as Narberth because of the *above* average valuations that have been experienced. Likewise, whilst WAG has reduced the multiplier for rates based on the average increase across Wales, areas which have experienced above average increases (including, it would appear, many rural areas) are amongst the 'losers'.

Finally the recent budget announcements included mention of a temporary increase in small business rate relief although the implications for Wales have yet to be confirmed.

I hope that the above comments are of some help, and also provide evidence that Pembrokeshire County Council takes the issue seriously and is endeavouring to do what it is within its powers to assist the businesses in its area.

Yours sincerely



Tim Peppin
Director of Regeneration and Sustainable Development



Response from the petitioners

NARBERTH CHAMBER OF TRADE

Established 31st May 1922



Chairman: David Norcross
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d.norcross@lineone.net

Secretary: Gordon Barry
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gordon_barry@btopenworld.com

Treasurer: John Williams
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Vice Chair: Anthony Ryan
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Bodringallt,
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Christine Chapman AM
Chair, Petitions Committee,
National Assembly for Wales,
Cardiff Bay,
Cardiff,
CF99 1NA. (via e-mail)

10th May 2010

Dear Chair,

PETITION: P-03-271 Business Rates in Narberth

Thank you for your letter of the 6th May 2010. Where you ask for our views on the responses provided to date.

Before I respond in detail may I thank the Committee (see PET[3] 05-10) for progressing with the Minister for Social Justice and Local Government:

1. What the implications are in Wales of the temporary increase in small business rate relief announced in the recent UK budget and
2. Ask that the Government undertake a study of the impact on local communities, in terms of local businesses and provision of essential services, and asking how the impact is assessed

If I may respond firstly to the Ministers letter of 12th January 2010.

In his third paragraph He says "I do not propose to undertake an assessment on individual areas as requested by the petitioners, as non domestic rates is only one of many factors that affect the viability of businesses"

We would agree with his statement that NDR's are only one of many factors that affect businesses - BUT when one of these factors are so large as to potentially destroy or at best severely restrict that business.

Naturally every business will factor in their business plans, potential percentage increases in their costs, RPI, rent, annual rate increases, fuel, transport, raw materials, even VAT etc (usually all less than double digits) but no one could have foreseen such a swinging increase of up to 210% in Rateable Values, which when converted into their rate bills, even after all of the WAG's NDR multiplier and SBRR, have resulted in the retail business cases of increases of 240+% in their bills.

He also mentioned Para 2 that the 'multiplier' has been PROVISIONALLY reduced to 0.409 Our very great fear is that during these financially difficult times that the Assembly will be forced to increase the multiplier – which in turn would have a disproportionate affect on businesses who have seen a dramatic increase in their Rateable Values.

The second letter from the WLGA dated 30th March 2010 shows that effectively the

solution is in the hands of the Assembly. There is little hope of any business benefiting from the County Councils 'Hardship Relief' fund as the Council is under increasing financial pressure to cut costs etc thus there is no spare finance, administration or appetite to achieve any level of support.

The penultimate Para sums up the problem thus:

"Whilst welcome, this may be of limited help to areas such as Narberth because of the above average valuations that have been experienced. Likewise, whilst WAG has reduced the multiplier for rates based on the average increase across Wales, areas which have experienced above average increases (including, it would appear, many rural areas) are amongst the 'losers'."

Not wishing to be critical but the measures being taken by the Minister currently are not addressing the problems affecting those business who have had very large increases in their Rateable Values.

The current measures include the following;

- Multiplier reduction
- Small business rate relief
- and recently the one year (Oct '10 to Sept '11) relief loosely based on the UK budget initiative.

Whilst these actions will have all greatly benefited those 60% of Welsh businesses that were not affected by the revaluation increases or who were beneficiaries in having rate reductions. The financial cost of these measures will have been considerable and will prevent any targeted support for the businesses suffering from draconian Rate Revaluations.

So for 2.5% of Welsh businesses - the 2,570 businesses who's Revaluations have increased by more than 100% there is little or no practical help. Narberth has 76 of that number from its total 205 of businesses. Please understand that the town's Rateable Value has on average increased from £5,968 to £10,430 with the retail sector average going from £5,326 to £12,929. See Table 'A' below.

I hope that the Petitions Committee may see the enormity of our problem and why we asked in our original Petition the following.

"We the business ratepayers of Narberth call upon the National Assembly of Wales to urge the Welsh Assembly Government to conduct an impact assessment on how businesses in the town will be affected by the changes in rateable values. This assessment should include effect on jobs and business closures"

We note with pleasure (and sadness) that Ceredigion has now also put forward a similar petition for their County businesses. (P-03-286)

It would be sensible at this stage to replace Narberth with Wales and for town insert Principality within the body of our Petition.

We believe that it remains the only way in which the full facts of the problem can be brought before our Government and Lawmakers.

Should you require any further information or clarification on any aspects please don't hesitate to contact me.

Thank you,

Gordon Barry.
Secretary to Narberth Chamber of Trade.

Area Totals (Number of 'Businesses')	2005 List Rateable Value	2005 Rates Payable with 0.489 Multi	2005 Rates Payable(Including SB Rate Relief) - TOTAL	2010 list Rateable Value	2010 Rates Payable with 0.409 Multi	2010 Rates Payable (Including SB Rate Relief) - TOTAL	% INCREASE in Rateable Value 2005-2010	INCREASE in TOTAL Rates Payable 2005 to 2010 (all reductions applied)	% INCREASE to be found to pay 2010 UBR (2010 multiplier & SBRR applied)
			THIS IS THE AMOUNT BUSINESSES CURRENTLY PAY ANNUALLY FOR THEIR RATE BILL			THIS IS THE AMOUNT BUSINESSES MUST FIND ANNUALLY FOR THEIR RATE BILL		EXTRA CASH BUSINESSES WILL NEED TO FIND APRIL 2010	THIS IS THE PERCENTAGE AMOUNT BUSINESSES WILL HAVE TO PAY EXTRA
Narberth Town (217)	£1,432,895	£803,161	£615,043	£2,394,965	£1,084,556	£903,239	67%	£288,196	47%
Town less schools, cemetery, car park etc (205)	£1,223,350	£700,694	£514,297	£2,138,240	£979,554	£800,341	75%	£286,044	56%
<i>Average</i>	£5,968	£3,418	£2,509	£10,430	£4,778	£3,904	75%	£1,395	56%
All Retail (90)	£479,345	£234,404	£196,399	£1,163,575	£475,910	£444,345	143%	£247,946	126%
<i>Average</i>	£5,326	£2,604	£2,182	£12,929	£5,288	£4,937	143%	£2,755	126%
High Street (47)	£279,470	£136,666	£113,749	£786,705	£321,766	£311,352	181%	£197,603	174%
<i>Average</i>	£5,946	£2,908	£2,420	£16,738	£6,846	£6,625	181%	£4,204	174%
High Street Shops only (34)	£208,975	£102,192	£85,132	£619,100	£253,537	£245,537	196%	£160,405	188%
<i>Average</i>	£6,146	£3,006	£2,504	£18,209	£7,457	£7,222	196%	£4,718	188%
Actual Examples									
Small Retail 1 (High Street)	£2,950	£1,443	£1,082	£9,100	£3,722	£2,792	208%	£1,710	158%
Small Retail 2 (High Street)	£3,650	£1,785	£1,339	£11,250	£4,601	£4,601	208%	£3,262	244%
Medium Retail (High Street)	£7,100	£3,472	£2,604	£22,000	£8,998	£8,998	210%	£6,394	246%
Large Retail (High Street)	£23,500	£11,492	£11,492	£73,000	£29,857	£29,857	211%	£18,365	160%
PLEASE NOTE THAT IN 2009/10 - 13 NARBERTH RETAIL BUSINESSES EXCEED £9000 RV BUT IN 2010/11 - 47 Retail Businesses will exceed £11000 RV									
	Business Rate Revaluation increase 2010/11			Number of Welsh Business			Number in NARBERTH		
	100%			2,570			76		
	200%			450			36		
	300%			160			2		

TABLE 'A' Note THE ONE YEAR EXTENTION TO THE SBRR FROM 10-2010 TO 9-2011 IS NOT INCLUDED AS IT HAS YET TO BE CLARIFIED AND WOULD HAVE LITTLE IMPACT ON THE TOWN AS THE UPPER LIMIT IS £12,000 AND THE AVERAGE RETAIL RATEABLE VALUE IS £12,929

Carl Sargeant AC/AM
Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth
Leol
Minister for Social Justice and Local Government



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref P-03-271
Ein cyf/Our ref CS/00694/10

Christine Chapman AM
Chair - Petitions Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

May 2010

Dear Chris

Thank you for your letter dated 6 May on behalf of the Petitions Committee regarding business rates.

Business properties are valued for rates on an individual basis, based on their rental values. Within any given area the valuations of different properties will change by different proportions and, for the reasons given in my previous reply (ref CS-618-10), I will not be undertaking an analysis of the impact of the revaluation.

Local authorities are best placed to consider the impact of revaluations on individual communities within their boundaries. Where they believe that individual businesses have been caused severe hardship by the revaluation and that it is in the interest of local tax payers to do so they may grant hardship relief, 75% of which is funded centrally.

The details of the increase in business rates relief which will operate from 1 October 2010 until 30 September 2011 are currently being developed, and there is little further that I can add to my previous reply. The relief will be funded by the UK Government, and it must therefore be similar to that applied in England. We estimate that around half of small businesses in Wales will receive full rates relief and roughly 20% more will see their business rates significantly reduced.

Yours sincerely

Carl Sargeant AM/AC

Bae Caerdydd • Cardiff Bay
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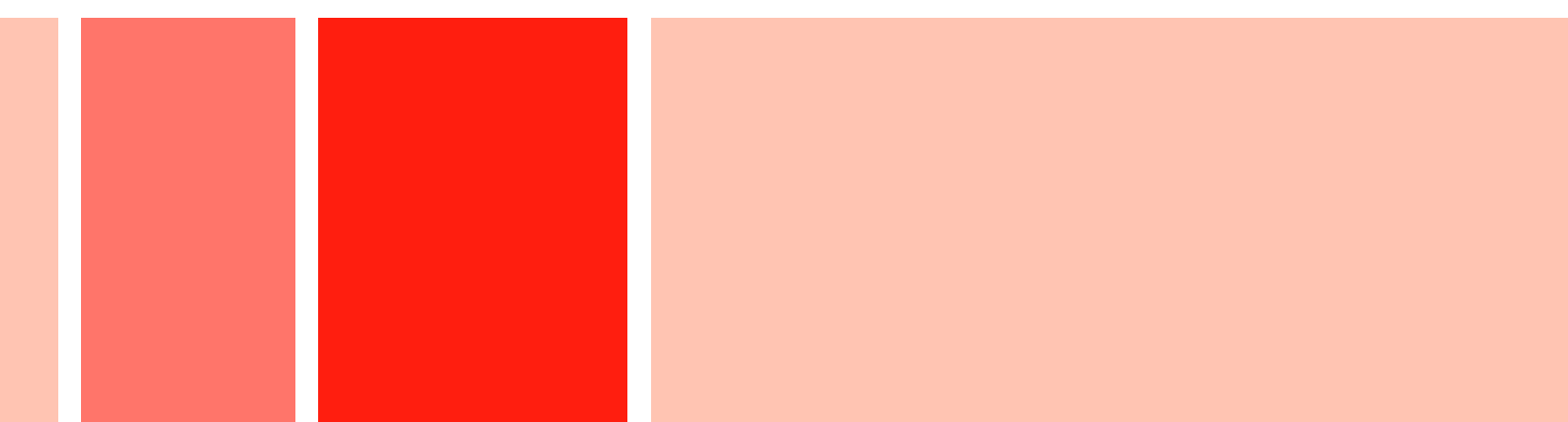
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Ymchwil gymdeithasol
Social research

Number: 07/2010

An evaluation of the Small Business Rates Relief Scheme in Wales



Evaluation of the Small Business Rates Relief Scheme in Wales

Report for the Welsh Assembly Government

2010

**By the Centre for Regional Economic Development,
University of Cumbria**

**Prof Frank Peck
Dr Gail Mulvey
Keith Jackson
Dr Ignazio Cabras
Dr Simon Parry
Jacqui Jackson**

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Assembly Government

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Welsh Assembly Government Social Research, 2010

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Table of Contents

Executive Summary	3
1 Introduction	11
2 Methodology	11
2.1 Stage 1 Review of Literature and National Comparators	13
2.1.1 Review of Current Literature	13
2.1.2 Interviews with national stakeholders.....	14
2.2 Stage 2-Assessing the impact of the scheme-the primary research	14
2.2.1. The target population of businesses – quota sample.....	14
2.2.2 The Questionnaire	15
2.2.3 Analysis of the survey data	15
2.2.4 Qualitative data gathering from interviews	15
2.3 Stage 3 - Follow-up telephone survey of business owners	16
2.4 Stage 4 - Evaluating the Scheme’s implementation.....	16
3 Literature Review	18
3.1 Rates relief within context	18
3.1.1 The Need for Public Sector Support for the SME sector	18
3.1.2 Tax relief for small businesses.....	20
3.2 Non domestic rates relief schemes	22
3.2.1 The application of non domestic rates relief schemes across the UK...22	
3.2.2 The rates relief scheme in Wales.....	25
3.3 The impact of rates relief	26
3.4 Equity and targeting of Rates Relief Schemes.....	29
3.5 Barriers to access and hidden cost of rates relief schemes	30
3.6 Links with rental charges: Who gets the benefit?.....	31
3.7 Summary points from the literature review.....	32
4 Stakeholder Interviews.....	36
4.1 General awareness of the different schemes across the UK	37
4.2 The key differences in implementation.....	38
4.2.1 The effect of businesses having to apply for rates relief	38
4.2.2 Relief targeted at specific sectors	39
4.3 The perceived benefit to business of Rates Relief Schemes	41
4.4 Impact of business rates relief on business	41
4.5 Impact of rates relief on the local economy.....	42
4.6 Perceived levels of fairness of the Rates Relief Scheme.....	43
4.7 Comparison of the Welsh scheme to other schemes in the UK	44
4.8 Summary of stakeholder interviews	46
5 Business Postal Survey	47
5.1 Types of business that responded to the survey.....	55
5.2 Awareness of rates relief scheme	57
5.3 Significance of rates in relation to turnover and business costs.....	59
5.4 Impacts of Rates Relief on Businesses in the past 12 months	63
5.5 Views on Rates Relief.....	69
5.6 Amount of rates relief absorbed by increased rental charges.....	71
6 Interviews with businesses in receipt of Rates Relief.....	73
6.1 Interviews with Small Businesses	73
6.2 Post Offices which also provide a caring service	73
6.3 A business providing valuable work experience.....	76

6.4 Rural High Street businesses.....	77
6.5 High business costs make it hard for small businesses to expand	82
6.6 Leisure business regards rate relief as a lifeline	86
6.7 If rate relief were to be reduced, voluntary work would not suffer but training would be cut back	87
6.8 If the business closed, there would be loss of trade for other local businesses.....	88
6.9 Business survival in the valleys of Wales.....	91
6.10 Rates relief is ring-fenced for repairs, maintenance and improvements	93
6.11 Summary of business interviews.....	93
7 Focus group with stakeholders involved with Business Rates Relief	95
7.1 Attendees of focus group	95
7.2 What businesses use rates relief for	98
7.3 Awareness of levels of rates relief received.....	98
7.4 Targeting by type	100
7.5 Business targeting by size	101
7.6 Automatic Entitlement	103
7.7 Other Issues Raised	104
7.7.1 What do businesses get for rates?.....	104
7.7.2 The economy and the encroachment of multiples into the Welsh Market Place.....	104
7.7.3 Other comments on rates relief.....	105
7.8 Summary from focus group.....	105
8 Conclusion	107
9 Recommendations	109
References	110
Appendix 1: Stakeholder Interview Schedule.....	115
Appendix 2: Postal Questionnaire (English version)	119
Appendix 3: Stakeholder Interview Schedule.....	123

Executive Summary

1. This document reports on the primary research undertaken by the Centre for Regional Economic Development (CRED) to evaluate the Small Business Rates Relief Scheme (SBRRS) in Wales.
2. Specifically it will document the views of SME businesses supported by the SBRRS on the impact of the scheme on their business and on the business sector in general.
3. The report draws final conclusions and recommendations for the consideration of the Welsh Assembly Government.

Small Business Rates Relief Scheme

4. The SBRRS was applied by the twenty two local authorities across Wales and is aimed at reducing the financial pressure on Welsh SMEs.

Data sources and methods

5. The research commenced with a literature review on the impact and effect of tax relief on small businesses. This was supported by telephone interviews with national public and private sector stakeholders involved with the various UK Non-Domestic Rates Relief (NDRR) schemes across the UK. The initial interviews were supplemented by telephone interviews with private sector stakeholders supporting SMEs in Wales. In cooperation with WAG and the Welsh LAs a postal survey for Welsh SMEs was designed and delivered to over 3,000 businesses; the responses from 403 were then analyzed. To get a deeper picture of the impact of SBRRS, 15 of the respondents to the postal survey were interviewed by telephone. To confirm that the research was a true reflection of current business perspectives the results of the research were then presented to a focus group drawn from the private sector stakeholders initially interviewed.

Analysis of the background documents and reports

6. The review of documents and reports indicated that relatively little research has been undertaken into the impact of Rates Relief Schemes. Most studies suggest that all tax-based interventions must be considered within the broader context of business support. The key points are:

7. Tax interventions are more permissive rather than directive in terms of policy outcomes.

8. The introduction of thresholds can have unintended consequences.

9. The current economic downturn may increase the significance of rates relief for the survivability of a large number of businesses.

10. For the rates relief scheme to work there are hidden costs to the authorities in terms of data collection and maintenance.

11. The literature would suggest that all business support schemes, including rates relief have to be equitable, practical and accessible. Accurate data collection and targeting of relief are therefore important aspects to consider.

12. Previous research conducted in London would suggest that the relatively small financial amounts involved in the NDRR schemes would have little effect on the behaviour of SMEs; this is contradicted by research conducted on a small sample of Scottish SMEs that suggests the support offered has benefits that are not proportional to the level of financial aid offered.

13. The parallel SBRR Schemes operating in the UK vary in their characteristics in terms of a) the rateable value band widths at which the various reliefs apply; b) the need for businesses to 'register' for rates relief; and c) whether rate relief is available for multiple properties within one business.

Analysis of the national public/private sector stakeholders interviews

14. The various national rates relief schemes have all been designed to offer the maximum benefit possible to the SME community at large but they all have slightly different mechanisms because they were set up at different times to meet different business conditions.

Analysis of Welsh private sector stakeholders interviews

15. There is general support for the current Welsh scheme. The current economic down turn is making rates relief more significant to business.

16. Rates relief can be interpreted as a mechanism of support for marginal business or for business in marginal areas.

17. The delivery of rates relief can generate unintended consequences as it is based primarily on property type rather than business characteristics.

18. More needs to be done to make recipients aware of the benefits they are receiving through rates relief.

Analysis of postal survey

19. Thirty per cent of the respondents are unsure of the mechanism and amount of their rates relief. The level of awareness is higher for the smallest categories of businesses (employing five or less people). The level of awareness also varies across sectors with post offices, retail and accommodation being most aware.

20. Business rates have the largest financial effect on the smallest businesses and so rates relief is most appreciated by the smallest businesses.

21. Over half the businesses felt that rates relief had some effect on their business decisions, with over one fifth of the respondents stating that rates relief was a significant factor in them staying in business.

22. The types of business activities financed by rates relief include staffing costs; building and equipment maintenance; investment in IT and marketing and supporting new business.

23. The respondents agreed that the SBRRS had supported their sector but there were differences of opinion whether the amount of money received was significant for the financial sustainability of SMEs. This suggests that for some small businesses in the present circumstances, rates relief is making a vital difference financially. For others, rates relief may be a welcome financial contribution but it is also regarded as an indicator of the level of commitment from the Welsh Assembly Government to support the SME sector.

24. Only a very small proportion (8 per cent) of the respondents felt that the SBRRS was a waste of public money.

25. The majority of SMEs (66 per cent) with rented property do not believe that their landlords charge extra rent because of the SBRRS; however 12 per cent believed that landlords took most or all of the SBRR in extra rental charges.

Analysis of business interviews

26. The interviews confirmed that current trading is difficult with most businesses either making no profit or currently operating at a loss in the short term. Some have considered closing at the end of the year.

27. The interviewees continue to employ staff where they can and argue that staying open is their biggest contribution to the community (some are now working 70-90 hours per week). Responses indicate that many business-owners regard the needs of the community as integral to their own business objectives.

28. It was their view that the Welsh Assembly Government does and should support SMEs and a cut in relief would not be seen as fair.

Results of focus group

29. The group accepted that rates relief is seen by SMEs as a valuable part of the Welsh Assembly Government's commitment to this sector.

30. This commitment was important as the attendees felt that the effect of the economic recession has added to existing commercial pressures generated by the encroachment of various multiples into Wales across many sectors (retailing, tourist accommodation). Rates relief is seen therefore as a mechanism for defending locally-owned businesses.

31. The difficulty for individual SMEs identifying the benefits of SBRRS was attributed to the way in which business owners regard receipt of relief (either as a monthly reduction in costs or an annual grant to increase investment for the following year).

32. The low awareness of the amount received as SBRRS and the mechanism driving it were issues that need to be corrected. Trade and professional bodies appear to be keen to work with the WAG to get this message across to the SME sector; this would be beneficial to the image of these bodies and may help WAG explain how and why the SBRRS system might change in the future.

33. The group acknowledge that post offices are probably a special case and that the current Welsh SBRRS scheme also supports other SME sectors in most need.

34. The group also acknowledged that the current system equitably supports Welsh SMEs of various sizes using the most practical and accessible method currently available. The current bands for rates relief were probably about right pre revaluation.

35. Overall the group voiced gratitude from the SME business community for the continued support from the Welsh Assembly Government and a desire from the business support groups to work alongside WAG in the future delivery and communication of this support.

Conclusions

36. There is overall consensus that the present Welsh scheme is appropriate in terms of the balance between complexity, fairness and practicality.

37. Various parts of the Welsh SBRRS are being mimicked by other nations within the UK and this would indicate that at the present time the Welsh system has found the most acceptable balance between equity, practicality and accessibility. Evidence suggests that there is no major pressure for radical change to the mechanisms of the Welsh SBRRS at present. However, this should not rule out changes in the medium term should there be a change in the Welsh Economy.

38. As recipients of benefits, SMEs are obviously supportive of the SBRRS but they also see it as part of the Welsh Assembly Government's commitment to the SME sector in general which is considered vital to the indigenously-owned Welsh Economy.

39. Many SMEs appear to be unaware of the precise mechanism of SBRRS and some seemed uninformed of the exact benefits they are receiving. However, the recent revaluation has heightened awareness of rates issues in general.

40. It is difficult for SMEs to identify exactly how the financial benefit of SBRRS is used to support their business. This in part is because some SMEs see it as a small monthly reduction of costs whilst others see it as a larger annual grant to be invested in the business.

41 The current economic downturn and the encroachment of multiples into Wales has made trade for Welsh SMEs difficult over the last year and the effect of any reduction in support via rates relief would be significantly magnified compared to previous years.

42. The 'automatic' solution for SBRRS used by the WAG appears to be acceptable to the SME community.

43. It was felt that an increase in the equity of the scheme through introducing a tiered threshold would add to the complexity and cost of administration. This could reduce the overall benefit to the SME community and thus possibly lose majority support of this sector.

44. All business sectors want less tax and more support and their trade bodies will inevitably argue for their individual cases. However, there appears to be a general consensus (but not a 100 per cent agreement) that post offices are, at the moment, an identifiable special case.

Recommendations

45. Accept that the financial assistance gained by the SMEs from SBRRS is supporting their economic sustainability in the current Welsh economic environment. This justifies the continued support of SMEs through the SBRRS.

46. Increase the awareness of the mechanisms and benefits of SBRRS possibly through collaboration with the relevant trade bodies /associations.

47. Maintain the 'automatic' mechanism of the current Welsh SBRRS scheme.

48. The Welsh Assembly Government keeps the sector informed and involved in the decision process of any new SBRRS.

49. Any alterations to the current scheme should be carefully checked by the Assembly to ensure that they do not create unforeseen circumstances or unintended consequences that are detrimental to third party businesses.



Response from the petitioner

NARBERTH CHAMBER OF TRADE

Established 31st May 1922



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Christine Chapman AM
Chair, Petitions Committee,
National Assembly for Wales,
Cardiff Bay,
Cardiff,
CF99 1NA.

Your ref: P-03-271

17th February 2011

Dear Chair,

PETITION: P-03-271 Business Rates in Narberth

Thank you for your letter of the 10th February 2011, informing us of the latest update to our petition, including the Welsh Assembly Government study on "Evaluation of Small Business Rate Relief".

You will see that, sadly, the report is purely on the 'evaluation of SBRS' and does not begin to deal with the impact of the Business Rate increase on rural SME's.

Our argument has never been over the interpretation or application of rate relief's but on the impact of the huge increases in the 2010 Business Rate revaluations and their effects on local businesses.

This is applicable to both Pembrokeshire and Ceredigion (and other Welsh rural areas?)

May I on behalf of the Narberth applicants please ask for clarification from the Petitions Committee as to when our petitioners request will be answered.

Namely:-

"We the business ratepayers of Narberth call upon the National Assembly for Wales to urge the Welsh Assembly Government to conduct an impact assessment on how businesses in the town will be affected by the changes in (Business) Rateable Values. This assessment should include effect on jobs and business closures."

We were very naive in thinking that the research survey for the WAG would have included these effects as set against the general relief given. At the same time being able to consider the linked effects of the demise of the old Rural Rate Relief, with its consequential increase in rentals achievable.

The survey appears not to have conducted interviews to businesses in Counties who have been most affected by the Business Rate revaluation problem. Indeed had almost failed to recognise that there was a problem within Pembrokeshire and Ceredigion.

Unhappily time will tell us of the rate revaluations local impact, unfortunately the general economic down turn will be blamed for much of the damage caused by the said revaluation.

Please realise that many of our small businesses who would have previously been benefiting from SBRR have had their business rates revalued to more than **3 times** the 2005 figures. This has pushed them outside the Small Business Rate Relief upper limit and in many cases outside the one year (Oct '10 to Sept '11) HMG initiated relief limit of £12,000.

May we again request that the dramatic effect of the Business Rate revaluation be considered in line with our original petition(s).

Thank you,

Gordon Barry.
Secretary to Narberth Chamber of Trade.

Carl Sargeant AC/AM
Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth
Leol
Minister for Social Justice and Local Government



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref P-03-271
Ein cyf/Our ref CS/00357/11

Christine Chapman AM
Chair - Petitions Committee

committee.business@Wales.gsi.gov.uk

14 March 2011

Thank you for your letter dated 3 March regarding the evaluation of rates relief for small businesses.

The evaluation provides full details of the methodology used to evaluate the effectiveness of Assembly Government funded rates relief for small businesses, including the numbers, areas and locations of stakeholders that were represented. Paragraph 5 provides a statistical breakdown of businesses contacted, and paragraph 5.11 concludes "the geographical distribution of the sample appears broadly to reflect the overall distribution of businesses receiving rates relief. The number of responses from the major urban centres (Cardiff, Swansea, Neath Port Talbot) are fairly close to expectation. There is perhaps a slight over-representation from businesses in some rural areas (Carmarthenshire, Powys) and under-representation in parts of South Wales (the Vale of Glamorgan, Rhondda Cynon Taf, Blaenau Gwent) but these differences are small (single figures in all cases) and Unlikely to invalidate any generalisations drawn from the data." Additionally, a wide range of organisations representing small business across the whole of Wales were represented - details of these are provided in paragraphs 2.2.4.1 and 7.12 of the report.

This independent evaluation included evidence from a representative cross sample of small businesses in Wales, including those located in rural areas and provides us with firm evidence of how businesses and local authorities value the rates relief for small businesses funded by the Assembly Government.

The evaluation can be viewed on the Assembly Government website via this link:

<http://wales.gov.uk/docs/dsjlg/research/101207smallbusratesenv2.pdf>

Yours sincerely

Carl Sargeant AM/AC

Bae Caerdydd • Cardiff Bay
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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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14th March, 2011

Dyddiad
Date

Fy nghyf
My ref

Eich cyf
Your ref

BM/SAT

P-03-286

Christine Chapman,
Chair, Petitions Committee,
National Assembly for Wales,
Cardiff Bay,
CARDIFF,
CF99 1NA.

Dear Christine Chapman,

P-03-271 Business Rates in Narberth / P-03-286 Ceredigion Business Rates

I refer to your letter of 3rd March, 2011 regarding the petitions submitted by Narberth Chamber of Trade and Luke Evetts representing business rates payers in Ceredigion. Both petitions are identical and ask for the Welsh Assembly Government to conduct an impact assessment on how the changes in rateable values have affected businesses in the areas.

While the Council would like to assist you in your request I regret that we will be unable to do so for the following reasons:

- Most impact assessments take into account various factors that will be affected by change with the assessment being used to inform the final product or decision. The rateable values for businesses were changed in 2010 and therefore any impact assessment undertaken now would not necessarily take into account factors that would have been prevalent before the rateable value change was introduced.
- The Council is the 'billing authority' for business rates. In effect this means that we bill and collect Non-Domestic Rates based on the rateable value of a property (the rateable value being set by the Valuation Office Agency) and the 'rate in the pound' (set by the Welsh Assembly Government). Billing authorities have no influence over either of these important factors and I would therefore suggest that the basis of both the rateable value and the rate in the pound be sought from the appropriate organisations. The Valuation Office Agency may have undertaken an impact assessment before the 2010 revaluation Non-Domestic Rates exercise.
- If we were to conduct an assessment of the effects of the rateable value changes of last year on current businesses, it would need to be consistent with the methodology applied by Pembrokeshire for businesses in the Narberth area. I would suggest that such an assessment would be best conducted by independent means to ensure consistency and impartiality.

- The Council does not have sufficient wealth of data to provide a detailed analysis of the impact of the rateable value changes. For example, we will not know how many businesses have closed because they have been unable to meet the new charge; we will not know how many people will have lost their jobs because a business has closed or because employers have had to reduce staffing costs to meet the increased charge.

You asked for the Council's views on the impact of the Small Business Rates Relief scheme in our area.

- There is no doubt that small businesses appreciate the scheme but there is very clear evidence that some are confused by one scheme being superseded by the enhanced scheme only for the original to return 12 months later.
- The enhanced scheme, introduced for the period October 2010 to September 2011 falls within 2 fiscal years. This has added to the confusion and will result in each business receiving 4 demands covering the 2 years in question.
- Without conducting a survey of all businesses falling within the schemes, we are unable to assess whether the schemes, old and temporary, have any effect on the continuation of businesses or on the employment figures in the area.

I trust that the above is of assistance.

Yours sincerely,



Miss Bronwen Morgan
Prif Weithredwr
Chief Executive

Date - Dyddiad

11th March 2011

COUNCILLOR/CYNGHORYDD

Your ref - Eich cyfeirnod

Response from Pembrokeshire CC

JOHN T. DAVIES
Leader

Arweinydd

M. ref - Ffôn gyfeirnod

Pembrokeshire County Council,
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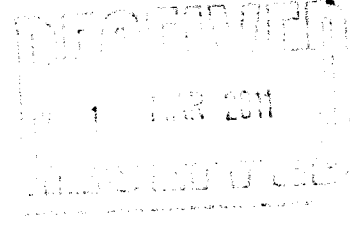
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Christine Chapman AM
Chair of the Petitions Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear Christine

Re: P-03-271 Business rates in Narberth / P-03-286 Ceredigion business rates

I write in response to your letter to the Chief Executive concerning the above, dated 3rd March 2011.

Regarding the proposed impact assessment on the changes of rateable values on businesses in Pembrokeshire, and Narberth in particular, in principle we would support such an assessment being undertaken.

Regarding our views on the impact of the Small Business Rate Relief Scheme in Pembrokeshire, there is no doubt that the current scheme has been of benefit to the local economy. However, there is evidence that it has not been as beneficial as the Rural Rate Relief Scheme which it replaced. In general terms, we have seen a shift of rate relief away from counties like Pembrokeshire towards South East Wales.

This has been particularly apparent in Narberth. Narberth has enjoyed a spectacular resurgence during the late 1990s. A key driver for its success was the fact that businesses within the town qualified for rural rate relief. The combined impact of the recent revaluation and the change to the rate relief scheme has had a detrimental impact on businesses in Narberth.

Many properties in Narberth were subject to rateable value increases of between 100% and 200%. Furthermore, many of these businesses, all of which would have been receiving rural rate relief, do not qualify for small business rate relief.

As I have previously indicated in representations made to the then Social Justice and Local Government Minister, Brian Gibbons, whilst we acknowledge the rating hypothesis and reality of rental evidence relating to Narberth, the reality is that businesses in the town have closed down or relocated and others are struggling.



I have previously urged the Assembly Government to reconsider the application of an antecedent valuation date of 1st April 2008 (the state of the local, national and international economies changed dramatically after this date). I also proposed the postponement of the revaluation until the recession had abated; the reintroduction of the Rural Rate Relief Scheme with enhanced thresholds to reflect the revaluation; enhancing the thresholds within the Small Business Rate Relief Scheme and continuing the extension for the enhanced Empty Property Rate Relief Scheme.

The local economy in Pembrokeshire is still fragile. The revaluation has had a visible impact on Narberth and other towns like it. To date the Assembly Government has failed to provide a solution to ameliorate.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Davies', written in a cursive style.

Cllr John Davies
Leader
Pembrokeshire County Council