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Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref P-04-486  
Ein cyf/Our ref EH/03391/13

William Powell AM  
Chair Petitions committee

committeebusiness@Wales.gsi.gov.uk

24 October 2013

Dear William,

Thank you for your letter of 3 October regarding the Business Rates Review Task and Finish Group's analysis of the issues associated with the possible revaluation of business rates.

It appears that there has been a misunderstanding regarding my comments on the decision to postpone the business rates revaluation. In my letter to you of 20 June, I set out that I was disappointed by the UK Government's decision to postpone revaluation in England. I explained that I had asked the Task and Finish Group to provide me with analysis before taking a decision in Wales.

However, I am happy to provide you with further detail should this assist you. As part of their analysis, the Group met with the Council for Economic Renewal and other stakeholders and reached a number of conclusions which I set out in the Chamber during an Oral Statement on 5 March.

The Task and Finish Group argued that given the strong economic ties across the border, and the business need for consistency and stability, a different approach to revaluation in Wales was not advised. They also set out that taking a different approach would in all likelihood necessitate an increase in the Universal Business Rates in Wales and that this may be difficult to explain and justify to businesses and inward investors.

Finally, in their discussions with the Valuation Office Agency, the Group found that there would be practical and administrative difficulties in undertaking a Wales only revaluation. This is because some valuation evidence is drawn

from both England and Wales, and certain classes of property are subject to schemes drawn up with trade and professional bodies which may not be prepared to bear the cost of administering two distinct schemes.

In addition to my Oral Statement in March 2013, a briefing session was held with the Opposition Spokespeople and Professor Morgan to explain this rationale. I was pleased to achieve cross-party support for this approach.

There are a number of work strands relating to business rates currently underway. On 1 October 2013, I gave an Oral Statement to set out my plans on the Task and Finish Group Report on Business Rates Reliefs for Charities and Social Enterprises and I have written to you in detail regarding this.

My correspondence to you on 20 June also referred to Small Business Rate Relief which we successfully lobbied the UK Government to extend. We anticipate a further decision on this scheme beyond March 2014 when the UK Government provide their Autumn Statement in early December.

Finally, the Task and Finish Group are currently completing their third and final report on perceived business rates anomalies. I am expecting this shortly and will make this available to Members.

A handwritten signature in black ink, appearing to be 'L. M.', is located at the bottom left of the page.