

**Enterprise and Business Committee**  
**Business Rates**  
**Paper from the Minister for Economy, Science and Transport**

Purpose of this paper

1. This paper is to set out the current position on business rates policy in Wales with reference to ministerial responsibilities across the Welsh Government.

Business Rates Responsibilities in the Welsh Government

2. As Minister for Economy, Science and Transport, I am responsible for business rates policy in Wales including the relationship between business rates and economic development.
3. Matters regarding the operational aspects of business rates including the collection of rates and the work of the Valuation Office Agency are for the Minister for Public Services. Matters regarding the financial arrangements for the devolution of business rates to Wales including the negotiations with the UK Government on the final settlement arrangements are for the Minister for Finance.

The Business Rates Panel Report, 'The Devolution of Business Rates to Wales'

4. I established the Business Rates Panel in 2014, to examine the range of recommendations produced by the Business Rates Task and Finish Group and to consider a strategic approach to business rates following devolution. The Panel submitted its report in February. This has been shared with Assembly Members and I have invited comments on the report. The report is available on-line at:

<http://wales.gov.uk/topics/businessandconomy/policy/business-rates/?lang=en>

5. The report includes 13 recommendations on key issues and sets out a strategic approach with proposed actions for the short, medium and longer term. Some of the key points are:
- a. That there is a need for stability in the regime in the short term,
  - b. That the devolution of business rates presents us with an opportunity to align the regime in a way that reflects policy but that business rates should not be considered to be a panacea,
  - c. Changes to business rates come at a cost and that this cost can be significant. The Panel notes that business rates has an important role to play in funding vital public services and that decisions about changes to the system will need to take this into account,
  - d. That there is a benefit to retaining some alignment with the regime in England, and that a high bar should be set for changes to the system in Wales,
  - e. The Panel has recommended a comprehensive review of rate reliefs and exemptions in the medium term,
  - f. In the longer term and following local authority mergers, the Panel has recommended that consideration be given to local rates retention.

#### 4. Next Steps

I look forward to hearing the Committee's views on the recommendations of this report. I will set out a timetable for future action to develop the right regime for Wales.