

CROSS PARTY GROUP ON SMALL SHOPS

Minutes of the meeting held at 12:00pm on 11th March 2015 at Ty Hywel

PRESENT:

Janet Finch-Saunders AM (JFS)	Chair
Keith Davies AM (KD)	Member
Elin Jones AM (EJ)	Member
Mark Isherwood AM (MI)	
Mohammad Asghar AM (MA)	
Edward Woodall (EW)	ACS
Chris Sutton (CS)	CBI Wales
Dylan Jones-Evans (DJE)	University of the West of England
Sophie Mew (SM)	Secretary
Josh Miles (JM)	FSB Wales
Ken Parsons (KP)	Rural Shops Alliance
Ian Johnson (IJ)	Plaid Cymru
Matthew Clark (MC)	NFRN
Dev Afwani (DA)	NFRN
Philippa Green (PG)	Janet Finch-Saunders AM
Craig Lawson (CL)	Suzy Davies AM
Elizabeth Flowers (EF)	Conservative Group Office

1. INTRODUCTION

JFS welcomed attendees to the first meeting in 2015 of the Cross Party Group (CPG) and introduced CS and DJE who would present on business rates and devolution of the policy to Wales that was announced last year.

2. PRESENTATIONS FROM DJE AND CS

DJE gave a presentation on how devolution of business rates to Wales could be used to help support small shops. He stated that business rates are a form of taxation that can be used by the Welsh Government to bring in revenue, but could be used in the future as an economic tool to support small shops. He noted that there were various things the Welsh Government could do to support small shops, including offering new businesses lower rates initially to help in developing their business.

CS presented on the Business Rates Panel's report on business rates for the Economy Minister, Edwina Hart. He provided an outline of the report and highlighted that business rates contribute £960m to the Welsh economy. He stated that the report looked at how to maintain the yield of business rates, the administration of rates, how the various relief and exemption schemes could be managed and the basis of valuation.

CS also highlighted specific recommendations in the report that affect small shops, including recommendations to use CPI instead of RPI to calculate rates, employing a common format of billing across Wales, more frequent revaluations and the impact of extending the Small Business Rate Relief scheme.

3. RETAILER PANEL

JM, EW and KP presented on the views of FSB Wales, ACS and the Rural Shops Alliance on how business rates could be reformed to support small shops.

JM stated that devolution was a good opportunity to reform the business rates system in Wales. He highlighted the importance of looking at local retention of rates and increasing the frequency of revaluations to benefit small businesses.

EW also highlighted increasing revaluations to once every three years would benefit retailers and decrease the number of appeals made to the VOA in challenging rates bills. He also noted that discretionary rate relief could be used to encourage economic growth and that ratings bills based on turnover, such as the schemes used for petrol forecourts and ATM required reform.

KP noted that business rates were a fixed cost for retailers and that a start-up rate would be welcome for new businesses. He highlighted the importance of rural rate relief for retailers and how sunset clauses could be used to support retailers.

4. DISCUSSION

Following the presentations, a number of points were raised.

KD highlighted the importance of supporting small Welsh retailers and whether there should be a retail tax instead of business rates for larger businesses. MI noted that the Broughton retail park in Chester meant that many people left Wales to shop, impacting on high streets. DA noted that larger, out-of-town supermarkets paid substantially less in rates than town centre car parks and that reliefs for businesses were only a temporary solution.

EW stated that the rating methodology used by the VOA made it difficult to compare in town and out-of-town car parks and the rates paid. CS also stated that the Panel had considered that investments in properties leading to higher rates paid deterred investments, and that it should be considered whether to delay introducing rates on plant machinery. He also noted that the retail relief was still £1,000 for small retail businesses in Wales and that this could potentially be extended in the 2015 Budget.

CS highlighted that more frequent revaluations had gathered the most support in any reform of rates and would help small shops. JM noted that sunset clauses were important but small businesses needed to know what reliefs and exemptions were retained each year in advance.

5. NEXT STEPS

It was **AGREED** that the Group would write to the Economy Minister, highlighting the Group's position on business rates and future reforms of the system.

The meeting was closed by JFS.