

Petition To Protect Our High Street

Y Pwyllgor Deisebau | 14 Chwefror 2017
Petitions Committee | 14 February 2017

Research Briefing:

Petition number: P-05-740

Petition title: Petition To Protect Our High Street

Text of petition:

We, the undersigned, believe that the Welsh Government's transitional rate-relief relief scheme is inadequate to meet the needs of businesses affected by the most recent re-valuation of premises and call on the Welsh Government to develop a package of permanent rate-relief measures to alleviate the financial pressure on small businesses.

Many small businesses in Wales will face closure as a result of higher business rates due to mandatory revaluation.

Enhanced Small Business Rate Relief will be available in England from April 2017 – lowering rates and mitigating the impact of revaluation.

We are calling on the Welsh Government to make this relief available to businesses in Wales to protect our High Street.

Background

Business rates revaluations usually happen every five years, and the independent Valuation Office Agency has been conducting the 2017 business rates revaluation [on behalf of the Welsh Government](#). The Welsh Government highlights that a revaluation is revenue neutral and redistributes business rates liabilities in a way that reflects changes in the property market, rather than seeking to increase revenue raised from business rates. Further detail on the impact of the 2017 revaluation is available in [a Research Service blog article from December 2016](#). The transitional relief schemes established in response to the draft 2017

revaluation by the Welsh Government are aimed at mitigating the negative impact of the revaluation on businesses who have seen a rise in their rateable value.

On small business rate relief, the Welsh Government's Programme for Government, [Taking Wales Forward](#), commits to 'deliver a tax cut, meaning smaller bills for 70,000 businesses and reducing business rates bills to zero for half of all eligible firms.' Under [the Welsh Government's current small business rate relief scheme](#), eligible business premises with a rateable value of up to £6,000 receive 100% relief and those with a rateable value between £6,001 and £12,000 receive relief on a tapered basis from 100% to zero.

The [small business rate relief scheme in England](#) currently uses the same rateable value range as the Welsh scheme. However, [it will be expanded from April 2017](#) so that business premises with a rateable value of up to £12,000 receive 100% relief and those with a rateable value between £12,001 and £15,000 receive relief on a tapered basis from 100% to zero. However, there are some operational differences between the schemes in Wales and England. In England if a business has more than one premise, it can only receive small business rate relief on the main premise if the rateable value is less than £2,600 whereas in Wales there is no limit on the number of small properties that a business can receive relief on. There is also a small business multiplier in England, meaning that small businesses pay less pence in the pound in business rates than larger businesses. The larger businesses pay a standard multiplier which is set at a level; which partially funds the cost of the small business multiplier. The rateable value threshold for the small business multiplier will also be increased from April 2017, so that businesses with a rateable value of up to £51,000 pay the small business multiplier.

The [Devolution of Business Rates to Wales](#) report produced by the Business Rates Panel for the previous Welsh Government estimated that to increase the small business rate relief thresholds to the level that will be in place in England would cost an additional £44 million per financial year.

The [Welsh Government's small business rate relief scheme](#) assists more than 70 percent of business premises in Wales, more than half of which pay no rates at all. [In England](#), half of all business premises will receive some support from the expanded small business rate relief scheme and/or the small business multiplier from April 2017.

Welsh Government action

The Cabinet Secretary for Finance and Local Government's [written evidence to the Assembly's Economy, Infrastructure and Skills Committee from October 2016](#) sets out his priorities on business rates for this Assembly term. These include the immediate priority to provide certainty and security to small businesses to enable them to plan for the future with confidence, and to review the current small business rate relief system.

In September 2016 [the Cabinet Secretary for Finance and Local Government announced that the current small business rate relief scheme will be extended to 31 March 2018](#). He also stated that the Welsh Government will be introducing a permanent small business rate relief scheme from 2018–19 onwards following a review of the current scheme.

Two transitional reliefs have been announced over recent months to mitigate the impact of the revaluation on businesses that it has negatively affected. The first scheme, [announced in September 2016](#) and [approved in Plenary on 13 December 2016](#), will provide £10 million funding, provided by the Welsh Government. Businesses who currently have premises with a rateable value of up to £12,000 and are eligible for small business rate relief in 2016–17, but will receive either less or no relief in 2017–18 due to the rateable value of their property increasing will benefit from this scheme. The proposed transitional relief will spread increases in business rates liability over a three-year period.

Following this, in December 2016 [the Cabinet Secretary for Finance and Local Government announced that](#) an additional £10 million transitional relief would be provided in 2017–18, targeted at high-street ratepayers such as shops, pubs and cafés, including those which have seen their rates increase significantly as a result of the 2017 business rates revaluation.

National Assembly for Wales action

The Assembly's Economy, Infrastructure and Skills Committee undertook a one-day inquiry into business rates in October 2016, and [produced a report](#) with five recommendations to the Welsh Government. The Welsh Government [responded to this in January 2017](#), accepting all of the recommendations in full or in principle. The main recommendation that relates to this petition is around improving the transparency and consistency of business rates, which referenced the differing views of the Federation of Small Businesses and the Welsh Government on whether the continuation of the current small business rate relief scheme is in fact a tax cut.

There have also been a number of recent debates in the Assembly on business rates, focussing on issues including small business rate relief, transitional relief and wider reform of business rates. Debates have been held on business rates relief and reform on [23 November 2016](#), business rates issues affecting small businesses [on 30 November 2016](#), and the regulations approving transitional relief [on 13 December 2016](#).

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.