



Local Taxation Policy Branch

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10th October 2017

Ref: WG32525 Response to Delivering a Tax Cut for Small Businesses - a New Small Business Rates Relief Scheme for Wales consultation document

Dear Sirs,

Introduction

Welsh Government (WG) ministers and officers will be aware that **Monmouthshire was the county/unitary authority worst affected by swingeing increases in the rateable value of Non-Domestic Rateable Values (NDR) on retail of an average of 11%**. This number hides some huge increases; the highest being for a public house of 585%! Also 11% is the average for our county as the average for Monmouth was an increase of 17.1% for NDR properties. A considerable number of our retailers especially in Monnow Street faced increases of over 50%.

The Chamber were very proactive along with Monmouthshire County Council in raising the awareness with the **Valuation Office Agency** of extreme hardship cases and half a dozen of our Chamber members received reductions in their rateable value before the 2017/18 fiscal year began. This did however leave many waiting for their appeals to be heard.

The Chamber acknowledges and thanks the Welsh Government for the **Transitional Relief (TR)** awarded for companies within the existing 2016/17 Small Business Rate Relief (SBRR) band (2010 valuation) and indeed along with Hay-on-Wye Chamber of Commerce we were the only Chambers to respond in the whole of Wales.

There was great concern amongst those businesses badly affected not only within the SBRR band but also above it where there would have been no relief in 2017/18 for large rateable value increases. A great deal of lobbying of the WG was done in November and December 2016 by not only Monmouth Chamber, but also our County Council and Sally Stephenson of the Cowbridge Traders organisation.

The Welsh Government listened to those concerns and just before Christmas launched the **High Street Rates Relief scheme**, which benefitted traders within SBRR with Tier 1 relief and above SBRR with Tier 2. We did feel that perhaps for those with a reduction in their rateable value under Tier 1 relief, that possibly this money could have been better spent in areas where the retail sector was very depressed as seed funding for a **Business Investment District (BID)** initiative.

We welcome the fact that on this occasion we have been given **13 weeks to respond** as the Transitional Relief consultation was just too short at 6 weeks to secure enough comment from small businesses in Wales.

I have received considerable comment from small businesses who feel that **the current NDR system**, originally created in 17th Century, **is no longer fit for purpose**, not only on the way it is calculated, but also the way the money collected is spent. As the system is imposed by the UK Government not WG we believe the subject should be discussed at Westminster by all MPs.

Now please find below **our responses to the Questions raised in the consultation document**. These proposals and comments have been discussed with some other small towns and we believe there is widespread support.

Q1. The Welsh Government is interested in your views about the current and future funding of SBRR in Wales, including how the multiplier operates.

The level of SBRR support currently in Wales falls well behind the levels offered in England- just across the border and in Scotland, as outlined in the consultation document.

We would like to see **a lower rate multiplier for small business** and a higher rate for larger businesses above £51,000 as in England and Wales. It is our understating that changing the multiplier may require legislation. At the very least we would like to see a freeze on the current multiplier of 49.9p in £ of rateable value for the next five years. Normally the multiplier increases yearly with inflation, but we are concerned that inflation will rise much more quickly in the next few years **and a higher multiplier will inflict more pain on those businesses already suffering** the most from the rate revaluation.

If better levels of support for businesses are available just across the River Wye in England how do, we keep a vibrant small business sector in Monmouth and in Chepstow?

Although not in the current SBRR bands, **we are concerned about retailers with rateable values for 2016/17 above £12000 up to £25000** and not eligible for Transitional Relief in 2017/18, 2018/19 and 2019/20, some who have faced swingeing increases of over 50% in the VOA revaluation notification of September 2016. They have received under Tier 2 of the Targeted High Street Rate relief for 2017/18 only, the sum of £1500. **Seventy Monmouth retail businesses have been affected in this way.**

There is **evidence that some landlords with Grade 2 commercial properties are being slow to let** properties as they can remain empty indefinitely without any rates becoming due. We consider that **the same rules about paying business rates should apply to Grade 2 listed properties** as apply to non- listed NDR properties. In Monmouthshire this change would mean 100% off business rates for the first three months only on listed properties. Currently, we estimate that 50% of our empty shops are Grade 2 listed, some of which have been empty for several months. Revenue from this change would create more funds for helping businesses most in need.

In recent years **there has been a move by charity shops to sell new products** and to dramatically expand their operations. The largest charity shop in the UK is now 3500sq metres. **Our Chamber members consider** that selling new products in direct competition with them without the overheads and staff costs **is unfair competition**. We believe that the statutory level of support on business rates above SBRR band should be reduced from 80% to 50% for national charities. In some towns the number of charity shops is over 5% of the total retail premises and growing.

Q2. Do you agree that a limit should be introduced on the amount of relief a business occupying multiple small properties in Wales can receive? If so, to what extent do you think this should be restricted?

Most of local opinion is that businesses with more than five locations in Wales should not be allowed SBRR and their rateable values should be combined when calculating their group NDR liability

Q3. What are the associated administrative and technical implications of the Welsh Government's preferred approach which need to be considered?

We consider that this question is targeted at unitary authorities rather than organisations representing businesses. We are aware however that there was insufficient time for local authorities to adjust their software for the High Street Rate Relief Scheme prior to 2017/18 fiscal year. Therefore, any changes should be given a reasonable lead time for adjustments to be made.

Q4. Comments are invited about the effects (whether positive or adverse) such a limit could have on ratepayers affected or excluded from this relief.

We cannot estimate the effects, negative or otherwise such a limit could have, because we do not have data nationally on how many national companies might be affected.

Q5. Are there any types of business you feel should be excluded from the new scheme and, if so, why?

We are not aware of any companies occupying or potentially occupying properties within SBRR bands at current and potential future levels who should be excluded, except as defined in our Q2 response.

Our main current concern in the retail sector is to ensure that all 210 premises are let at this time of uncertainty around the effects of Brexit, but also with the inevitable reduction (locally and nationally) in the number of banks and building societies occupying our high streets.

Q6. What are the administrative implications of introducing further exceptions?

Please see our response to Q3 above

Q7. If the Welsh Government released resources from the current scheme to provide additional support to eligible small businesses under the new scheme, based on the options described in paragraph 4.24, how should these resources be reinvested to support small businesses more effectively?

There is an urgent and justifiable need to raise 100% SBRR support to NDR value properties of £9000 and tapering from £9001 to £15,000 to allow Welsh businesses to compete with Scottish and English ones.

Currently 54% of NDR premises are potentially eligible for some relief in Monmouth under SBRR and 32% are potentially eligible for 100% relief. **Raising the upper limit of SBRR support** from £12000 to £15000 **would mean that 33 businesses** currently outside the SBRR scheme **would benefit**.

Q8. Are there any administrative or technical implications which need to be considered in changing the current thresholds for relief?

See our response to Q3

Q9. What are the potential administrative and technical implications of introducing a new permanent scheme and its interaction with transitional relief?

See our response to Q3

Q10. We are seeking views on removing the enhanced relief for retail premises with a rateable value between £10,501 and £11,000.

Now at this time of Brexit uncertainty, it is **essential that Retailers Special Reliefs are retained** to protect the vibrancy of our high streets.

25% relief (current NDR maximum £11,000) should be increased to the new SBRR top limit with no tapering.

Q11. Are there any administrative or technical implications which need to be considered in changing the relief for the retail sector?

See our response to Q3

Q12. We are seeking views on whether the childcare sector should be provided with additional relief, over and above that provided under the current SBRR scheme in order to support the delivery of the 30-hour childcare commitment?

We are unable to comment as our Chamber does not have any Childcare sector members. There are just four in Monmouthshire

Q13. If additional relief were provided to the childcare sector, considering the options described in 4.39 how should this be delivered via the SBRR scheme?

Please see response to Q12 above

Q14. Are there any administrative or technical implications which need to be considered in providing additional relief to this sector?

See our response to Q3

Q15: We are seeking views on the possible introduction of time-limited support for certain ratepayers which is gradually withdrawn. What are the advantages and disadvantages of such an approach?

Currently new start-ups, if they commenced trading after 1st April 2017 will not qualify for Transitional Relief in 2017/18, 2018/19 and 2019/20 or High Street Rate Relief payments of Tier 1 or Tier 2 for 2017/18 only. There is general support from existing business owners for helping new start-ups, at least in 2018/19 and 2019/20 in order that they are competing under the same conditions as existing businesses.

Q16. The Welsh Government is seeking general views on providing support to businesses that support, or are working towards supporting, wider Welsh Government objectives and invites proposals for developing the scheme in future years.

Our Chamber works closely with Business Wales on Welsh Government objectives for business and makes our members aware of current opportunities for securing business support. Business Wales information is already provided in Welsh and English.

We would like to see more focus on rural Wales away from the seemingly current focus on larger towns and cities especially of South Wales. We very much welcomed the draft document entitled “Rural Wales- Time to meet the challenge 2025” prepared by AM Eluned Morgan dated May 2017, although we have commented to her that we believe the omission of the subject of business rates from the key areas of concern was a material error. We hope this is a document that Minister Ken Skates might embrace and set up a rural Wales support team.

Q17. The Welsh Government would like to know your views on the effects these proposals would have on the Welsh language, specifically on: i) opportunities for people to use Welsh; and ii) on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

We cannot comment further than our response to Q16 above.

Q18. Please also explain how you believe the proposed policy could be formulated or changed so as to have: i) positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and ii) no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

We cannot comment further than our response to Q16 above.

Conclusion

Monmouth and District Chamber of Trade and Commerce welcomes, on behalf of our members, being invited to comment on this consultation document for a new SBRR scheme from 2018/19 onwards. We also **welcome the comment made in the consultation document** that even though this scheme will be permanent that the **Welsh government will keep support for small businesses under review.**

There has understandably been a **great deal of stress and financial loss suffered by businesses** in Monmouth, as we not only were part of the county worst affected by changes to NDR rateable values in the VOA exercise published in September 2016 in Wales, but **we are the town worst affected.**

We urgently need, for our businesses to compete, to have SBRR support similar to that granted in England and Scotland and obviously this puts demands on the Welsh government scarce resources. We have suggested helping to reduce the cost of the exercise by taking more business rate income from national charities and from landlords of empty Grade 2 listed properties.

We hope the Welsh government will listen to the genuine concerns expressed in this detailed document.

Many thanks

Yours sincerely

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