

Mark Drakeford AM/AC
Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-05-740
Ein cyf/Our ref MD/05640/16

Mike Hedges AM
Chair - Petitions Committee
National Assembly for Wales
Ty Hywel
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5 January 2017

Den Mike,

Thank you for your letter of 15 December, regarding a petition from Sally Stephenson proposing that the Welsh Government should develop a package of permanent rate relief measures to alleviate the financial pressures on small businesses.

I am committed to supporting small businesses and have given careful consideration to targeted measures to help support small businesses in Wales adversely affected by the revaluation.

The current Small Business Rates Relief scheme (SBRR) in Wales was due to end on 31 March 2017, but it has been extended for a further year to provide small businesses with the certainty and security that this important source of support will continue. A permanent SBRR scheme will then be introduced from 2018 onwards and I will be using the coming year to review the operation of the current scheme so that we can target our investment to meet the needs of businesses in Wales and provide this support where it will have the most impact. I intend to consult widely throughout this process and would welcome the views of all interested parties and key stakeholders, to ensure that the scheme not only meets the needs of local communities but also maintains the vital source of local authority funding that non-domestic rates revenue provides.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I have also introduced a £10m transitional rate relief scheme to assist businesses currently in receipt of SBRR but which will be adversely affected by increases in their rateable value following the revaluation. This transitional relief will assist eligible ratepayers by enabling them to phase in any increases in the amount they have to pay over a three-year period. There will be no application process as the relief will be automatically applied to rate bills by local authorities. The relief is being fully funded by the Welsh Government, in contrast to the transitional arrangements being introduced by the UK Government which are financed by restricting decreases in liability for ratepayers whose rateable value is falling.

Following concerns raised by some ratepayers and stakeholders regarding the effect of the revaluation on some businesses, on 17 December I also announced that a further £10m will be made available to help high street retailers such as shops, pubs and restaurants with their non-domestic rates. This is in addition to the £10m transitional relief scheme. The relief will be available from 1 April 2017 and will be administered by local authorities. My officials will be working alongside local authorities to finalise the details on how the new relief scheme will operate and the full details will be available on the Welsh Government website in due course.

Taking into account SBRR, transitional relief and the other mandatory and discretionary reliefs the Welsh Government will be providing more than £210 million of financial assistance in 2017-18 which will assist three-quarters of all ratepayers in Wales and which many ratepayers in Cowbridge High will benefit from.

In terms of the enhanced SBRR scheme in England to which the petitioner also refers, it is important to understand there are fundamental differences in the tax base, distribution of businesses and average rateable value in Wales compared to those in England which need to be taken into consideration when designing relief schemes. The SBRR scheme in Wales already supports over 70% of properties meaning most businesses in Wales are already eligible for relief, and more than half pay no rates at all. This is quite different to England where the majority of businesses have a rateable value over £12,000 and even under the enhanced SBRR scheme to be introduced from 1 April 2017, only around a third of properties will pay nothing. The SBRR scheme in Wales is also fully funded by the Welsh Government rather than through a higher multiplier on larger businesses, as in England.

Best wishes,

Mark

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