



Llyr Gruffydd
Chair of Finance Committee
Welsh Government
5th Floor
Ty Hywel
Cardiff Bay CF99 1NA

23rd September 2019

Dear Llyr,

Re: Concern over loss of business rate reliefs for small business in 2020/21 and beyond.

I am aware that the consultation period for organisations and individuals to make comment on important issues on 2020/21 Welsh Government Budget runs out on 25th September, Therefore, on behalf of Monmouth Chamber of Commerce I have decided to put pen to paper to express our grave concerns about the potential loss of High Street Rate Relief for next year.

You will see from the attached correspondence, that I wrote to Minister Rebecca Evans in June and the details of her July response. You will appreciate from your time as councillor and Mayor of Carmarthen and now chair of the North Wales group, that these are hugely challenging times for our high street retailers. I saw ample evidence of high empty shop rates in my visits to Rhyl and Bangor earlier in the summer. I must admit to being dismayed that the Minister wishes to wait until 2021/22 to grant extending reliefs, except for Small Business Rate Relief. It is my conviction that not only in Monmouth, but in any of the small towns of Wales the shock of receiving 2020/21 rate demand from their local council demanding an amount far in excess of 2019/20 will cause many to shut up shop.

The level of business rates reliefs is one of the few tools available to the Welsh Government to help small businesses, who are not only the lifeblood of the economy but one which (micro businesses) represent 96% of all businesses in Wales. High Street Rate Relief has been an essential tool in keeping some optimism amongst high street retailers, despite the dark cloud of Brexit uncertainty hanging over us.

Of course, in the medium to long term, as the Minister says in her response to me, we need a complete revision of the way the business rates system operates. However, small retailers will not survive that long without help. **As a simple solution I suggested to the Minister and repeat here, that no small business should pay any more for business rates in 2020/21 than they have paid in 2019/20.**

We politely request the Finance Committee to use some of the money received from the Westminster Government to include the High Street Rate Relief concession when setting the 2020/21 budget and look forward to an announcement on this when the budget is agreed in December 2019. It is essential that the Welsh Government maintains a business-friendly model, if we are to maintain business confidence. Expanding for a second away from business rates; we fully support the FSB proposals for a Future of Welsh Towns Fund

Just to clarify that I stepped down as Chairman of Monmouth Chamber of Commerce at the end of August 2019, but have assured the Chamber committee that I will continue to champion the rights of small retailers on the business rates issue for 2020/21.

Many thanks
Yours sincerely

R D Cummings

David Cummings FIAB
Business Rates Consultant
info@thebestbusinesssolutions.co.uk

Monmouth and District Chamber of Trade and Commerce,
Singleton Court Business Park, Monmouth. NP25 5JA

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Ein cyf/Our ref RE-05283-19



Llywodraeth Cymru
Welsh Government

David Cummings
Chairman
MDCTC

info@thebestbusinesssolutions.co.uk

16 July 2019

Dear David,

Thank you for your letter concerning business rates reliefs for small business in 2020-21 and beyond.

You rightly point out that small businesses are an important part of the Welsh economy and our permanent Small Business Rates Relief (SBRR) scheme provides a significant amount of support for these businesses. In 2019-20 the current SBRR scheme will provide 100% relief to businesses with a rateable value of up to £6,000 and tapered relief up to £12,000, this means that more than half of all businesses in Wales will continue to be supported through this £110 million scheme.

Overall, in 2019-20 the Welsh Government is providing more than £220 million of rates relief to support businesses and other ratepayers. More than three quarters of ratepayers in Wales will benefit from these reliefs with half paying nothing at all. Local authorities were also allocated an additional £2.4 million to provide discretionary rates relief for local businesses and other ratepayers, allowing them to respond to specific local needs.

It is important to recognise that the tax-base in Wales differs from that in England. The average rateable value in Wales is around £20,000; in England it is around £32,000. It is right that our rates and reliefs system should reflect these differences.

The Valuation Office Agency (VOA) has sole responsibility for independently assessing the rateable values of non-domestic properties in Wales. The methodology, evidence base and assessment methods used are tailored to each property type and where possible, the VOA has agreed these methods with industry representatives. This falls entirely within the remit of the VOA to ensure consistency across every property within England and Wales.

Revaluation is not a tax raising measure. Rather, it ensures a redistribution of the rates payable between properties based on their relative values at the time of the revaluation. Whilst the revaluation itself does not raise extra revenue, some locations or types of property become more in demand, and so rental values rise as businesses pay more to be located in

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

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.

these areas, relative to the national average. However, in other locations or types of property, demand falls, with rental values decreasing, relative to the national average. This means that at each revaluation individual rate bills may rise, fall or remain the same but the average national bill will only change roughly with in line with any increase or decrease in the consumer price index.

My predecessor issued a statement on 11 July 2018 announcing that the next non-domestic rates revaluation in Wales will take place in 2021 rather than 2022. Bringing the revaluation forward will mean the rateable values on which non-domestic rates bills are based will reflect up-to-date market conditions and enable ratepayers in Wales to plan ahead. This decision provides certainty for ratepayers while the Welsh Government explores more fundamental reforms to the system.

My officials will continue to work closely with the Valuation Office Agency to ensure the next revaluation is carried out in a timely and accurate manner, reflecting our ambitions for people and businesses in Wales.

The revaluation process will result in shifts in ratepayer's liabilities, and once we are aware of the potential changes as a result of the revaluation process, we will be considering all relevant reliefs and support needed going forward. Without this information it is not possible to comment on any potential changes to the existing schemes in future years.

I am examining options for longer term reform of non-domestic rates, looking internationally at the best examples of raising tax revenue for local services. My intention is to take a progressive, fair and transparent approach towards local taxation in Wales which continues to provide vital funding for local services. I attach a link to the Local Government Tax reform publication we produced in October.

<https://gov.wales/sites/default/files/publications/2019-06/reforming-local-government-finance-in-wales-2018-update.pdf>

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style.

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Rebecca Evans AM
Minister for Finance and Trefnydd
Welsh Government
5th Floor
Ty Hywel
Cardiff Bay CF99 1NA

26th June 2019

Dear Minister,

Re: Concern over loss of business rate reliefs for small business in 2020/21 and beyond.

Small businesses are the life blood of Wales with 96% of all businesses falling within the micro business category of nine employees or less. These are indeed challenging times for small business owners, especially in the retail sector, with Brexit uncertainties, competition from out of town retail parks and internet shopping, Making Tax Digital requirements and many others as listed in the UK High Street Report of 2018. Outside of Welsh Government control, but soon to cause additional stress is the on-going revaluation by the Valuation Office of business rateable values with new figures to be published in September 2020 with those new rateable values to be imposed for 2021/22

As Chairman of a Chamber of Commerce in the worst affected town in the worst affected county, Monmouthshire, in the last Non Domestic Rates revaluation published in September 2016, you will appreciate that I have experienced at close hand business owners in severe distress. In our main street, Monnow Street, retailers commonly faced increases in their rateable values of 50% plus and the largest local increase was a staggering 585% on the previous rateable value figure.

The Welsh Government acknowledged the difficulties businesses would encounter with the increases in business rates payable and granted Transitional Relief for 2017/18, 2018/19 and 2019/20, with reducing yearly levels of support. The business community of Wales felt that Transitional Relief was not sufficient, in the benefits it offered to stop the failure of many small businesses and we lobbied for more support. We were pleased that your predecessor as Finance Minister granted the Targeted High Street Rate Relief scheme each year for 3 years, which includes the current 2019/20 financial year.

At the present time we have been unable to find any information from the Welsh government or from industry experts in NDRV any details of what is proposed by the Welsh Government for 2020/21 onwards in the form of business rate reliefs for small businesses. Does the Welsh Government have plans to continue the High Street Rate Relief Scheme for 2020/21 and beyond?

Previously, Minister Mark Drakeford in a letter to me stated that there are differences in the structure of companies in Wales compared to England and this is why he chose to keep Small Business Rate Reliefs unchanged in Wales, whereas English businesses benefitted from 100% rate relief up to a rateable value of £12,000 and tapering relief up to £15,000. Small businesses in England also benefit this year and next from one third off their business rates payable. Small businesses in Wales cannot plan for the future if they do not know what the outgoings will be on one of their major costs (business rates). At the present time it would be prudent of them to assume no reliefs, but this would for many, mean an increase in their potential costs of £3000 plus for next year. Businesses are making decisions now on whether to continue to operate in 2020/21 and, for those with marginal profitability, this is likely to mean that the shutters on their high street shop will come down for good at the end of this year.

What do we suggest to the Welsh Government? That for any retailer with a NDRV of £51,000 or less that the net amount payable for business rates for the three years beginning 2020/21 should not be greater each year than that which they have paid in 2019/20.

Of course, in the longer term there is overwhelming demand from small businesses for a complete reassessment of the system of imposing business rates. A system first devised to create a revenue stream for government in the Poor Law of 1572 desperately needs modernisation. Creating a business rates system tailored to the special circumstances of businesses in Wales, that treats all sectors and regions fairly is surely the ideal we all need to work towards.

I very much look forward to your comments as to what the Welsh Government proposes in the way of specific reliefs for small businesses, especially retailers, for 2020/21 and beyond.

Many thanks
Yours sincerely

R D Cummings

David Cummings FIAB
Chairman
chairman@mdctc.co.uk

Monmouth and District Chamber of Trade and Commerce,
Singleton Court Business Park, Monmouth. NP25 5JA