

PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE BUSINESS RATES

Introduction

1. The purpose of this paper is to set out written evidence on Business Rates for the Enterprise and Business Committee.
2. The Business Rates Task and Finish Group, chaired by Professor Brian Morgan, was set up in autumn 2011 to assess how the business rates regime in Wales could be used as a targeted policy intervention to encourage economic development and growth.

Engagement

3. The Group met regularly between November 2011 and April 2012. The Group engaged with a wide range of stakeholders and citizens, and took evidence at various locations around Wales.
4. Following publication of the Business Rates Review Report in June 2012, the Task and Finish Group held a range of meetings with stakeholders across the summer period to explain their findings. This included meetings with the Enterprise Zone Chairs; Sector Panels; Council for Economic Renewal; Charity Retail Association and others. They also took a number of written responses on the final report. I have also been consulting with Cabinet colleagues on the recommendations.

Response to the Report and recommendations

5. The report contained 19 recommendations. On 23 October, I published the Welsh Government response to report and gave an oral statement in plenary. The response sets out that we will take action now and over the next year to respond positively.
6. Given that business rates are non-devolved, on some of the recommendations, we will press the UK Government for action. This includes retaining Small Business Rate Relief; and improving the Empty Property Rates regime and the relief offered for investment in renewable energy.
7. Whilst we support the devolution of business rates to Wales in principle, this should not be done in a piecemeal way. Our aim is to secure a comprehensive set of financial reforms for Wales that would include fairer funding and effective borrowing arrangements.
8. In response to the report I announced a £20million business rate scheme in the seven Enterprise Zones, targeting support for start-ups and SMEs that are creating jobs, a £1.5million annual scheme to support renewable energy producers, and a £200,000 fund to encourage the development of Business Improvement Districts (BIDs) in Wales.
9. Other recommendations involve working with partners, such as the Welsh Local Government Association, to ensure that local authorities are aware of their powers to offer discretionary rate relief and with the Valuation Office Agency to produce clear and accessible guidance to businesses.

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10. In addition to the recommendations a number of other actions were announced including that the Task and Finish Group has been asked to consider how to encourage new development through rate reliefs following advice from the Construction Sector Panel; and examining the effectiveness of recently introduced schemes in Northern Ireland and Scotland to bring empty properties back into use and whether these could work in Wales. The Group have been asked to provide their view on the UK Government decision to postpone the revaluation exercise in England to 2017.
11. Professor Brian Morgan and Juliet Luporini have agreed to undertake further work on their recommendation to consider the relief available to charities. This will involve seeking the views of different groups and extending the considerations to social enterprises and credit unions.