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Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-04-486
Ein cyf/Our ref EH/01761/13

William Powell AM

William.powell@wales.gov.uk

20 June 2013

Dear William,

Thank you for your letter of 12 June on regarding a petition received from Keith Davies on the subject of small business rates relief and the revaluation of business rates.

The existing Small Business Rates Relief scheme that operates in Wales currently offers 100% relief for properties with a rateable value of £6,000 or less and relief on a sliding scale for properties with a rateable value between £6,001 and £12,000. The Welsh Government successfully lobbied the UK Government to continue with this scheme in 2013-14 and will continue to lobby for the extension of this scheme for as long as it is needed as it provided valuable assistance to small businesses in Wales. The scheme itself offers benefits to Welsh Business in the region of £75m so expanding the scheme to properties with a Rateable Value of up to £18,000 would need to be very carefully considered given the current financial settlement for Wales. The Small Business Rate Relief scheme should also not be considered in isolation as various other relief schemes are in operation and are in the process of being developed.

Over the last two years Professor Morgan has chaired a Task and Finish group that has looked extensively at Business Rates and how the system can be used to encourage growth. This group has made a number of recommendations which the Welsh Government is now acting upon. In 2012 the Government launched a scheme that provides assistance with business rates in Enterprise Zones and later this year I intend to launch two business rate relief schemes that:

- encourage the occupation of empty premises in town centres by giving 50% rate relief; and
- provide 100% relief to new premises that are not immediately occupied.

The issue of the revaluation is complex and although I was disappointed with the announcement made in England, I wanted to examine this issue independently and assess all of the evidence before making a decision.

I therefore asked Professor Morgan and the Task and Finish Group to research the issue and provide me with a full analysis.

One of the main issues in the analysis provided by the Task and Finish Group is the potential effect on the business rate Multiplier by holding a revaluation in 2015. The research suggests that this Multiplier would increase significantly over and above the rate in England and indicate that business rates in Wales were significantly higher. I therefore needed to consider the wider economic damage that such a message could potentially create.

I have previously referred to the potential for some form of assistance to be provided to businesses adversely affected by the delay in the revaluation. However, this is still under consideration and I would need to consider the affordability of such a scheme and ensure that the limited funds available are targeted at those businesses most affected.

A handwritten signature in cursive script, appearing to be 'L. Morgan', written in black ink.