

**Draft Responses to the Welsh Government Consultation Document
Business Rate Relief for Charities, Social Enterprises and Credit Unions**

Providing local authorities with powers to set up ‘zoned areas’ to restrict rate relief provided to charity shops

The Council broadly welcome moves by central government to provide local government with powers to address the local needs of town centres and the communities they serve.

However, the idea of introducing ‘zoning’ should go much wider than just being used to restrict rate relief to the charitable sector and instead be used to bring forward inward investment into town centres.

If local authorities were able to designate ‘zones’ in struggling parts of their town centres to attract extra rate relief it could have the effect of creating mini Enterprise Zones and would incentivise inward investment and complement the wider Welsh Government approach to town centre regeneration.

The Council has a number of concerns about the principles of creating ‘zoned’ areas that would restrict rate relief to specific numbers of charity shops through a quota system or control where charity shops can locate. We believe that this would not really help to improve town centres.

The Council recognises the importance that charity shops play in society and the vital contribution these organisations bring to our communities with fund raising, training, employment and volunteering opportunities.

Business Improvement Districts

The Council would support the idea that charity shops are encouraged to participate in BID schemes in the areas where they exist but given that they currently pay little or no rates may still create tensions with other ratepayers who may contribute to such schemes.

Bringing Long Term Empty Property back into use

The Council would welcome any move to provide the new occupants of previously long term vacant property with rate relief of up to 12 months (and 24 months in the case of retail property in a town centre).

The designation of what is considered to be a ‘town centre’ would need to be clearly defined as experience has shown that it is difficult to clearly define the boundaries of town centres. Consideration would also need to be given to support retail outlets in rural areas.

The proposals would help to encourage new enterprise and assist with the usual start up costs associated with setting up new business ventures.

In addition, the development of Social Enterprise is one of the Council's priorities and one of the objectives of the Flintshire Economic Regeneration Strategy 2009 - 2020. The proposal to provide rate relief for a period of up to four years to social enterprises who take up occupation of long term empty property is therefore a welcome opportunity for the Council to support local business and make sure that investment benefits Flintshire residents by bringing added social value.

Tax Avoidance Measures

The Council supports any measures that would ensure **all** ratepayers contribute fairly to the business rate system.

The Council fully supports proposals to place an upper rateable value limit of £36,000 especially on certain categories of property that ordinarily would not, or do not, need to be occupied by charitable organisations.

Depending on the categories of property that would be impacted by this proposal, if the proposals were limited to restrictions on charitable shops, an initial assessment shows that only one property in Flintshire would be adversely affected.

Tapered Rate Relief for Charity Shops

The Council recognises the importance that charity shops play in society and the contribution these organisations bring to our communities with fund raising, training, employment and volunteering opportunities.

Notwithstanding this, the proposals to introduce a tapering system to rate relief awards specifically for charity shops may help to encourage charity shops to take up occupation of smaller retail shops with rateable values of under £12,000 rather than taking up occupation of large outlets with excessive rateable values. Such measures may help to reduce the level of spending on Mandatory Rate Relief freeing up additional funding to pay for providing rate relief for new business ventures.

The introduction of a tapering system, especially one that is phased in over a three year period for existing charity shops would be a fair way of introducing change. An initial assessment of the position in Flintshire demonstrates that the vast majority of existing charity shops would not be adversely affected by the proposals.

Rate Relief for Charity Shops from 2022

The proposals to reduce the percentage level of rate relief from 80% to 50% from 2022 for all charity shops would be broadly supported by the Council but the savings that this would bring to the National Collection Pool should be levelled up by introducing more discretionary powers with additional funding availability for local authorities to adopt local schemes to address local community needs.

Rate Relief for Charity Shops and the Sale of New Goods

The Council does not consider further measures necessarily need to be introduced to monitor the amount of new goods sold by charity shops.

The Council believes that current regulations contained in section 64(10) of the Local Government Finance Act 1988, are sufficient explicit for local authorities to determine the level of new goods sold by charity shops.

Section 64 already provides that a property is to be treated as being wholly and mainly used for charitable purposes at any time if, at any time, it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods are applied for the purposes of the charity.