



Llywodraeth Cymru  
Welsh Government

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Welsh Government  
**Consultation – Summary of Responses**

**Non-Domestic Rates**

Improvement Rates Relief – Summary of Responses

27 September 2023

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.  
This document is also available in Welsh.

## **Overview**

This document provides a summary of the responses to the consultation on improvement rates relief in Wales.

## **Action required**

This document is for information only.

## **Further information and related documents**

Large print, Braille and alternative language versions of this document are available on request.

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## **Additional copies**

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation:  
<https://www.gov.wales/improvement-rates-relief>

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## Introduction

1. The Welsh Government is pursuing a range of reforms during the current Senedd term which will make essential and positive changes to non-domestic rates (NDR) in Wales. On 5 April 2023, we [announced](#) that the UK Government's Non-Domestic Rating Bill is being used to bring about certain of these reforms at the earliest possible opportunity. These include a new improvement relief, which the Welsh Government proposes to use to support businesses and other ratepayers to invest in making improvements to the non-domestic properties they occupy.
2. The Welsh Government recognises that many businesses see the NDR system as a disincentive to investing in property improvements, as any resulting increase in a property's rateable value may lead to a higher bill. We consulted on proposals to provide improvement relief, to help address this potential barrier to growth and investment in the tax-base, from 1 April 2024.
3. This consultation applied to Wales only, but similar proposals have been developed by the UK Government in relation to England.

## Proposals

4. The consultation sought views on proposals to support ratepayers investing in improvements to their non-domestic properties which will support their business, by providing relief from the effect of a resulting rateable value increase on their NDR liability for a period of 12 months. This will ensure that businesses and other ratepayers are able to start realising the benefits of improvements they make, before their NDR bill increases.
5. The Welsh Government proposes to clarify the property improvements which will be eligible for the new relief by defining the qualifying works and occupation conditions in regulations. The definitions are intended to reflect the policy objective to support businesses and other ratepayers to make improvements to their properties which will support their business and growth.
6. Qualifying works must result in a positive change in the rateable value to be eligible for relief. Any improvements which result in no overall change in rateable value or a reduction due to simultaneous value-suppressing activity, such as demolition works, will not be eligible for the relief. The same ratepayer must remain in occupation during and following completion of the works.

## Engagement

- Views were invited as part of a 12-week consultation which ran from 16 May 2023 to 8 August 2023. The consultation was published on the consultation pages of the Welsh Government's website. Respondents were able to submit their views and comments on paper, by email or online, and in Welsh or English.

## Summary of responses

- In total, the consultation received 22 responses. Responses were received from a range of stakeholders. There were ten responses from sector representative bodies or rating agents, seven responses from local government, three responses from members of the public who may also be ratepayers, and two responses from individual businesses.
- The following summary concentrates on the questions asked throughout the consultation. Views were generally supportive of the Welsh Government's proposals. This document is intended to be a summary of the responses received. It does not aim to capture every point raised by respondents, but to highlight the key themes.
- Some respondents did not answer every question. All percentages are based on views provided in relation to the relevant question, rather than the total number of respondents to the overall consultation.
- A full list of respondents is available at **Annex A**.

### **Q1. Do you agree that the proposed improvement relief will help to incentivise businesses and other ratepayers to invest in improving the properties they occupy?**

- Out of 22 responses received, 77% agreed that the proposed improvement relief would help incentivise investment in properties, whereas 23% did not. Among the 17 responses in agreement, ten were of the view that the period of relief should be longer than 12 months.
- Respondents who did not agree were not generally opposed to the concept of improvement relief, in principle. Among the five such responses, two called for a longer period of relief, two were of the view that the scope of eligible changes was too narrow, and one raised concern about impacts of improvements on rateable values following a period of relief.
- Overall, 12 responses called for a longer period of relief, with specific suggestions put forward in eight responses. One response suggested 18 months,

one suggested two years, four suggested three years, and two suggested five years.

15. Wider comments focused on the positive knock-on effects an improvement relief may have. Some representative bodies and rating agents presented arguments for property owners, as well as occupying ratepayers, to benefit from the relief.

**Q2. Do you think that the qualifying works and occupation conditions will support the policy intent?**

16. Out of 22 responses received, 73% were of the view that the proposed conditions would support the policy intent, whereas 27% were not. 15 responses provided relevant comments in response to this question.

17. Among the 16 responses supporting the conditions, some commented to confirm their view that the occupation condition would ensure support was appropriately targeted to occupying ratepayers making improvements, rather than property owners who may benefit from higher rents when they make improvements. A small number of respondents suggested that the scope of qualifying works condition could be narrowed to target works relating to decarbonisation. Comments were also made about the complexity of the conditions and importance of ensuring the relief would be administered consistently by the Valuation Office Agency (VOA) and local authorities, in a way that was straightforward for small businesses.

18. Among the six responses against the conditions, mostly from sector representative bodies and rating agents, four were of the view that owners or new occupiers should also benefit from relief. Three responses also raised concerns that some improvements may not be eligible for relief, where they do not result in a rateable value increase. Linked to this were comments that the qualifying works condition should be broadened to capture all works related to decarbonisation, even if there is no increase in rateable value.

**Q3. Do you have any other comments on the policy proposals or their practical application?**

19. 13 responses provided further comments relating to the proposals. The most common theme related to comments and queries about aspects of the operational administration of the proposals by the VOA and local authorities.
20. Other comments highlighted the importance of clear information to encourage investment, particularly for small businesses, and the need for a sufficient time to implement changes to local authority billing systems.

**Q4A. The Welsh Government would like your views on the possible effects that the proposals could have on the Welsh language, specifically on:**

- i. opportunities for people to use Welsh; and**
- ii. on treating the Welsh language no less favourably than English.**

21. Five responses provided relevant comments. Three responses were of the view that this policy will not have an effect on the Welsh language and one was of the view that it would have a positive effect. One respondent believed the proposals will support companies with a head office outside of Wales.

**Q4B. Please also explain how you think the policy could be developed so as to have:**

- i. positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and**
- ii. no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

22. Five responses provided comments. Two highlighted the importance of publicising the relief through the medium of both Welsh and English. Two were of the view that the proposals would have no impact on opportunities to use the Welsh language. One response offered a specific suggestion for the inclusion of an additional condition for relief linked to the use of Welsh within the business.

## **Next steps**

23. Following the consultation, the Welsh Government intends to implement the proposals. The secondary legislation required to provide for improvement relief will be brought forward as soon as possible and come into force on 1 April 2024.

24. The Welsh Government recognises the preference among stakeholders for a longer period of relief. It is not, however, clear that this would incentivise greater growth in the NDR tax-base and justify the additional cost. Improvement relief will be introduced for a 12-month period, providing consistency with the support to be provided by the UK Government. If the Welsh Government decides to change the approach in future, once the relief has been established, it will be possible to amend the legislation.

25. The Welsh Government has consulted on separate proposals for NDR support to incentivise investment in renewable energy and, in turn, play a part in supporting our decarbonisation and net-zero goals.

## **Annex A: List of respondents**

Responses were received from the following:

Aesthetic Arte  
Association of Convenience Stores  
Caerphilly County Borough Council  
Chartered Institute of Taxation  
Conwy County Borough Council  
Cyngor Gwynedd  
Federation of Small Businesses  
Flintshire County Council  
Gerald Eve  
GL Hearn  
Institute of Revenues, Rating & Valuation  
Rating Surveyors' Association  
Royal Institution of Chartered Surveyors  
UK Hospitality Cymru  
Welsh Local Government Association

Three responses were received from individual members of the public.

Four other respondents wished to remain anonymous. Where it has been unclear on the respondent's preference, the response has been treated as anonymous.