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## Review of non-domestic rates reliefs: final report

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

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# Review of non-domestic rates reliefs: final report

Alma Economics



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Available at: <https://www.gov.wales/review-non-domestic-rates-reliefs>

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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## **Glossary**

### **NDR**

Non-Domestic Rates

### **RLHRR**

Retail, Leisure and Hospitality Rates Relief

### **RV**

Rateable Value

### **SME**

Small and Medium-size Enterprise

### **VOA**

Valuation Office Agency

## 1. Project overview

### Policy background

- 1.1 Non-domestic rates (NDR), also known as business rates, are local taxes charged on most non-domestic properties, including shops, offices, pubs, warehouses, factories, and hotels. The tax is levied on the occupiers of properties or owners where properties are not occupied. It is paid by businesses and other organisations, including charities and the public sector. Those who pay the tax are known as ratepayers. All NDR revenue is paid into the Welsh Government's 'non-domestic rates pool' and then distributed to the 22 local authorities and the four police and crime commissioners according to their shares of adult population.
- 1.2 The NDR charge for each property is calculated by taking its rateable value (RV) and multiplying it by the NDR multiplier. If a ratepayer is also eligible for a relief, this will be applied to reduce the NDR bill for the property. A visual representation of this calculation can be seen below, in Figure 1. The RV is determined by the Valuation Office Agency (VOA) and is based on the annual rent that the property could have been let for on the open market at a particular date (currently, 1<sup>st</sup> April 2021)<sup>1</sup>. The multiplier is set by the Welsh Government, which has the discretion to adjust it every year from the default increase, in line with consumer price inflation. For the financial year 2024-25, the multiplier is 0.562.<sup>2</sup> The multiplier set for 2025-26 is 0.568.

Figure 1. NDR bill formula

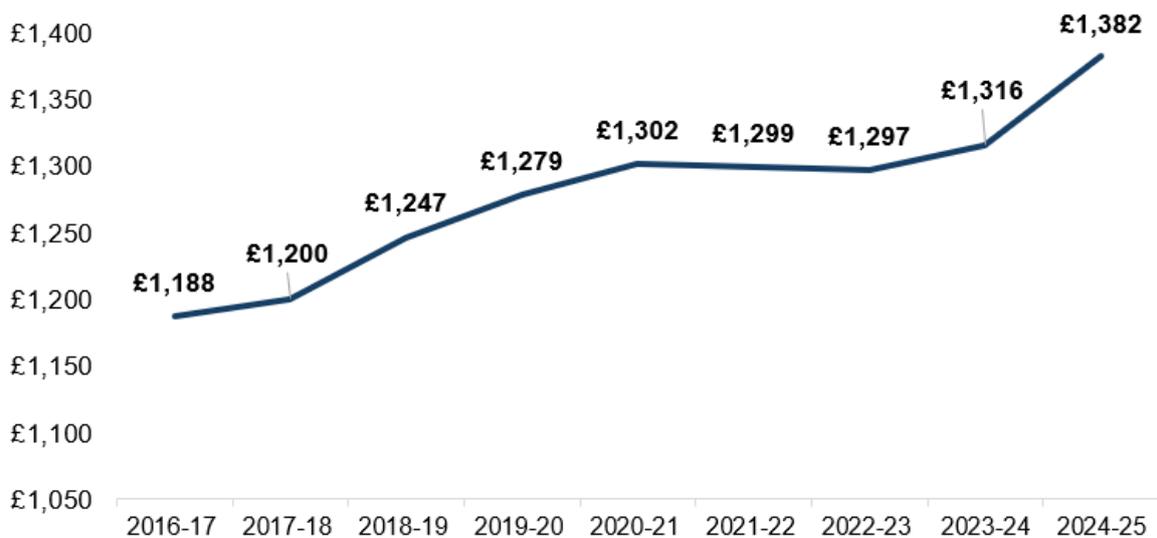


<sup>1</sup> Revaluations have been set to occur every five years. However, the Welsh Government delayed the most recent revaluation to 2023, resulting in a slightly extended interval between it and the previous one, which took place in 2017 (based on rateable values from 1<sup>st</sup> April 2015). [The Local Government Finance \(Wales\) Act 2024](#) increases the frequency of revaluations to triannually.

<sup>2</sup> Welsh Government. '[Business Rates in Wales](#)'. August 2024.

1.3 The gross rates payable<sup>3</sup> in 2022-23 was £1,297 million, which is down from £1,302 million in 2020-21. The gross rates payable for 2023-24 and 2024-25 are estimated to increase and reach £1,382 million in 2024-25, as shown in Figure 2. It is estimated that in 2023-24, NDR accounted for approximately 12% of the local authorities' revenue<sup>4</sup>, making them a non-negligible source of local revenue.

Figure 2. Gross rates payable (£ million)<sup>5</sup>



1.4 NDR reliefs provide financial support to specific types of ratepayers, including charities and small businesses. The purpose of the relief will depend on its intended beneficiaries. There are two types of reliefs: mandatory and discretionary. Mandatory reliefs are prescribed in legislation and are often automatically applied to bills of eligible properties. Local authorities may choose to provide additional discretionary reliefs to reflect circumstances and priorities in their areas, which they usually partially or fully fund.

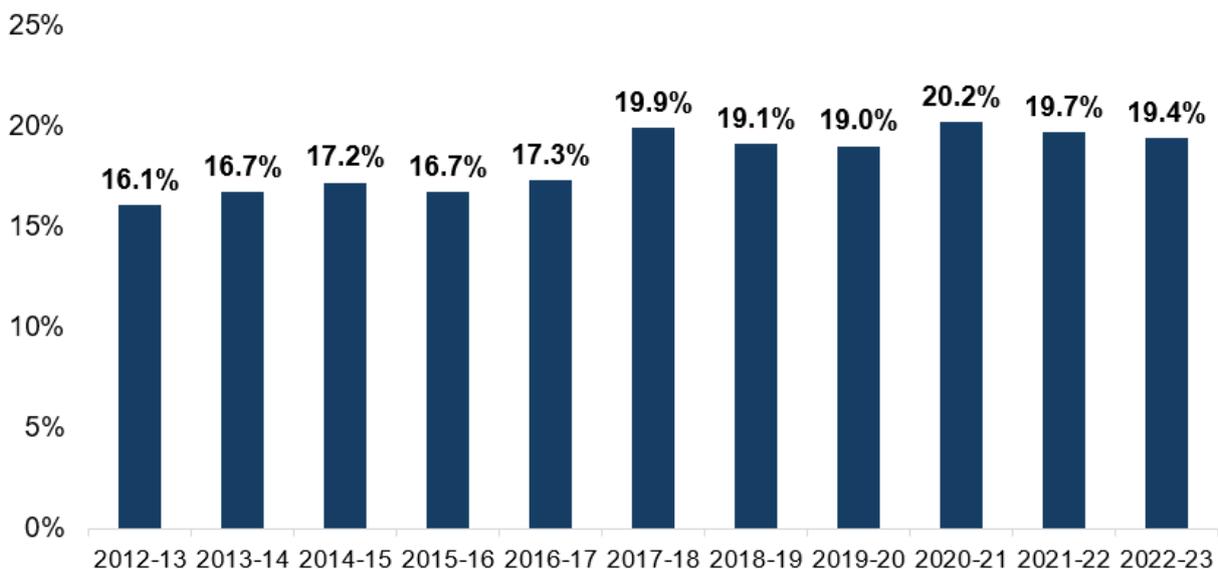
<sup>3</sup> This refers to the full billing amount of NDR, without accounting for any deductions through reliefs or collection costs.

<sup>4</sup> [Welsh Government. Local Authority Revenue Budget and Capital Forecast: 2023-2024.](#)

<sup>5</sup> For years 2016-17 to 2022-23: [StatsWales. Non-domestic rates, by NDR row description \(£ thousand\).](#) For years 2023-24 and 2024-25: [StatsWales. Non-domestic rates estimates by row description \(£ thousand\).](#)

1.5 Total reductions in gross rates due to mandatory reliefs have gradually increased over time, from around 16% in 2012-13 to almost 20% in more recent years<sup>6</sup>. This is shown below in Figure 3, which does not include additional reductions from the temporary Retail, Leisure and Hospitality Rates Relief (RLHRR), funded by the Welsh Government and provided using the discretionary powers of local authorities since 2020-21.

Figure 3. Reductions in gross rates payable due to mandatory reliefs<sup>7</sup>



### Research rationale and current state of NDR reliefs

1.6 In recent years, the Welsh Government has explored options for reform to local government finance, publishing a summary of findings in February 2021<sup>8</sup>. This research outlined, among other matters, possible ways to improve the NDR system. Suggestions included:

<sup>6</sup> [Welsh Government. 'Non-domestic rates \(actuals\): April 2022 to March 2023'](#). April 2024.

<sup>7</sup> Note that this includes all mandatory reliefs and around 0.5% each year related to discretionary relief. RLHRR is not included. With this relief included the reduction in gross rates payable would be higher from 2020-21 onwards.

<sup>8</sup> [Welsh Government. 'Reforming Local Government Finance in Wales: Summary of Findings'](#). February 2021.

- A clearer link could be made between the tax burden and the goods or services the revenue subsequently funds;
- There are merits to more frequent revaluations;
- NDR reliefs should reach those who need support; and
- A review and consolidation of reliefs might be required to reduce complexity.

- 1.7 In March 2022, the Minister for Finance and Local Government set out the Welsh Government’s plans for the reform of NDR during the current Senedd term<sup>9</sup>. A consultation was launched from September to December 2022, seeking views on a wide range of improvements to the NDR system in Wales, including more frequent revaluation cycles, improved flow of information between government and ratepayers, and a review of reliefs to ensure arrangements are aligned with government commitments and that available support is targeted in the most effective way<sup>10</sup>.
- 1.8 Following the consultation in November 2023, the Local Government Finance (Wales) Act 2024<sup>11</sup> was introduced into the Senedd with the aim of making the “non-domestic rates system fairer and better suited to supporting needs and priorities for business development in Wales”. The Act delivers or supports most of the proposals for NDR reform set out in the consultation.
- 1.9 The Welsh Government has been lobbied by various stakeholders for NDR reliefs to be provided, continued, or enhanced and to reduce the NDR liability for certain sectors. Concerns have also been raised regarding the distribution of the liability between different parts of the tax base. For example, there is a perception that larger businesses outside of town centres have a relatively more affordable liability. This perception may not reflect the extent of the relief that small, high street businesses receive.

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<sup>9</sup> [Welsh Government. ‘Oral Statement: Non-Domestic Rates Reform’](#). March 2022.

<sup>10</sup> [Welsh Government. ‘Reforming non-domestic rates in Wales’](#). February 2023.

<sup>11</sup> Senedd Cymru. [Local Government Finance \(Wales\) Act 2024](#). November 2023.

- 1.10 Against this backdrop of an interest in improving the NDR system, Alma Economics was commissioned to review NDR reliefs in Wales. The primary objective of this research is to gather evidence to inform the development of a set of principles to guide future changes to NDR reliefs.
- 1.11 This research has been structured into three strands. Strand 1 establishes the principles; Strand 2 assesses the practical implementation of reliefs and their administration by local authorities; and Strand 3 focuses on the perceptions of reliefs among ratepayers and their representatives. Outcomes from Strands 2 and 3 are used to corroborate the main principles established through Strand 1.

## Methodology

### Strand 1 research activities

1.12 Research activities for Strand 1 have focused on the development and evaluation of the principles. These activities have included:

- **Mapping of the NDR reliefs:** A scoping exercise was undertaken to map out all NDR reliefs currently available in Wales, to understand their varying characteristics and aims and assess which reliefs were in scope for evaluation.
- **Determining the principles:** The Welsh Government provided background documents (such as consultations, written statements, legislation, guidance, and data) for us to review alongside materials we had gathered through online searches. Through this desk-based review, we developed a long list of principles to consider for relief evaluation, which was then narrowed down by using applications from economic theory, a high-level evaluation exercise, and insights from engagement with tax experts, as discussed below.
- **Interviews with tax experts:** We carried out interviews with 12 experts within the sector of taxation. This included seven representatives from inside the Welsh Government and five representatives from external organisations. Contact details were provided by the Welsh Government. In these interviews, we presented a list of principles and gathered feedback on their use to assess NDR reliefs so that we could refine the list of principles and their definitions. The interview topic guide can be found in Annex A.
- **Evaluation of reliefs:** To ensure the principles have useful practical applications, we conducted an evaluation of mapped NDR reliefs, developing metrics to be used when assessing each of the principles against each of the reliefs.

## Strand 2 research activities

1.13 Research activities for Strand 2 have focused on the practicalities of administering NDR reliefs, including the challenges faced by local authorities and best practices. These activities have included:

- **Workshops with local authority representatives:** We conducted four online workshops with local authority representatives who were engaged in the administration of NDR reliefs, among other responsibilities. Primarily, this included Heads of Revenues and Benefits. Overall, 20 officials representing 15 local authorities attended workshops. Workshops lasted up to 90 minutes and were hosted on Microsoft Teams. Contact details were obtained through the Welsh Government, and all participants were offered the option of attending workshops in Welsh or English. Welsh-language insights were gathered and analysed by a Welsh-speaking researcher.

## Strand 3 research activities

1.14 Research activities for Strand 3 have focused on ratepayers' perceptions of reliefs, including the extent of financial support available, eligibility criteria and application processes, impacts of NDR reliefs, and communication with local authorities. These activities have included:

- **Survey of ratepayers:** We worked with Beaufort Research to add questions to the Business Omnibus Survey. The survey covers a representative sample of all small and medium-sized enterprises (SMEs) located across Wales. The survey is conducted bilingually and uses Computer Assisted Telephone Interviewing. The survey reached 500 respondents, but 77 did not operate out of premises, giving a sample of 423 respondents who interact with the NDR system.
- **Focus groups and interviews with ratepayers:** Overall, we engaged with 10 businesses and two representative bodies within Strand 3 through one focus group, six interviews, and two email responses. All engagement occurred via Microsoft Teams or email. The focus group lasted 90 minutes,

and the interviews lasted up to 45 minutes. All participants were offered the option of engaging in Welsh or English, with all choosing English. Businesses were based in eight local authorities in North, South, and West Wales. The majority represented retail, leisure and hospitality sectors, with only a couple representing wholesale and charities.

## Methodological limitations

- 1.15 For the Beaufort survey within Strand 3, the vast majority of reliefs represented within responses cover RLHRR and Small Business Rates Relief. Public and third-sector organisations are also excluded from the sample. This means that the generalisability of findings to other reliefs is limited. Also, the survey was carried out ahead of the Draft Budget for 2025-26 (December 2024)<sup>12</sup>, and replicating the survey after this time may have an effect on perspectives around certainty in particular. In addition, when engaging ratepayers and despite thorough recruitment strategies, the sample was small and limited mostly to businesses within the retail, leisure, and hospitality sectors, again limiting the generalisability of findings. Challenges related to recruitment for this activity are discussed in Chapter 5.
- 1.16 These limitations within Strand 3 were overcome due to the corroboration of findings across all three strands of the research. For example, where findings related to certainty in Strand 3 may have been impacted by the survey's timings, we know from our desk-based review and interviews with tax experts in Strand 1, as well as engagement with local authorities in Strand 2, that certainty would be an important principle regardless. This indicates that the timing of the survey is unlikely to have impacted on this overarching finding.

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<sup>12</sup> [Welsh Government. Written Statement: Non-domestic rates support in 2025-26.](#)

## Strand 1 insights

### Summary of findings

- Through a desk-based review of the literature and engagement with tax experts, four principles were identified: (i) simplicity and compliance, (ii) certainty, (iii) revenue sufficiency, and (iv) economic efficiency.
- The principles identified are generally suitable and most of them can be consistently applied to assess the existing NDR reliefs in scope.
- Uncertainty around tax incidence (i.e. who ultimately bears the burden of the tax between the property owner and the property occupier) affects the ability to evaluate the economic efficiency of some of the reliefs in scope. Therefore, this principle cannot be applied consistently to assess the NDR reliefs.

### Mapping of NDR reliefs

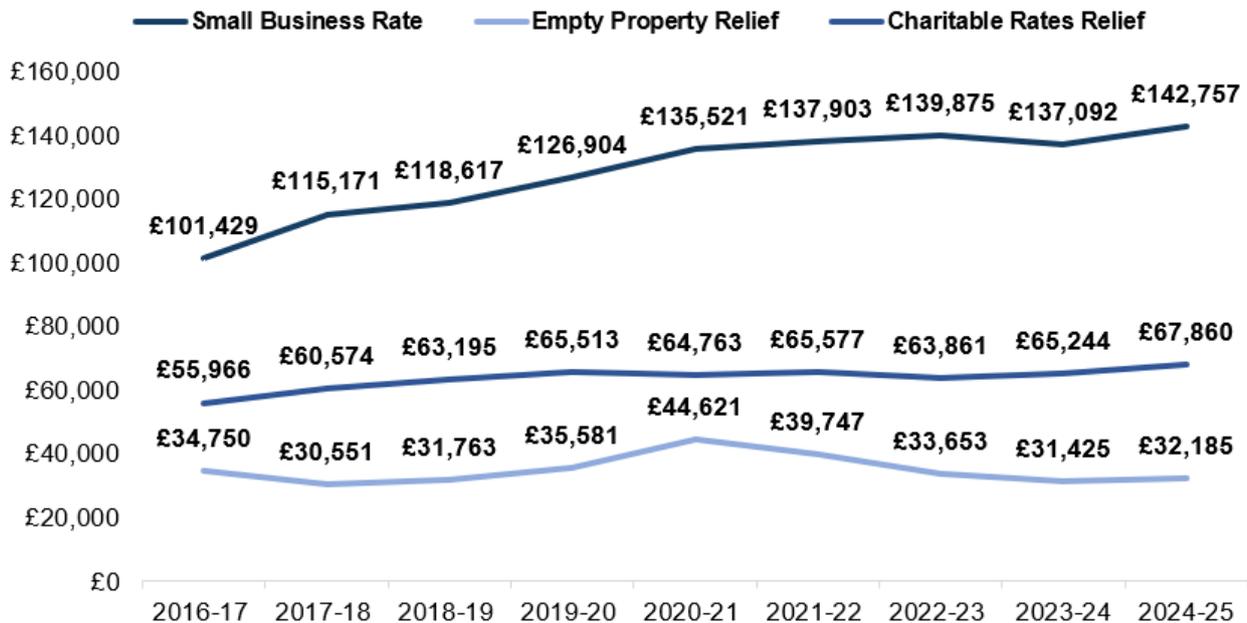
- 1.17 Through a scoping exercise and with further insights from tax experts, we mapped out all the current NDR reliefs available in Wales. This included collating characteristics of each relief, including (i) aims of the relief, (ii) intended beneficiaries of the relief, (iii) relief type (mandatory or discretionary), (iv) relief value, and (v) administrative process.
- 1.18 There are eight NDR reliefs available in Wales.<sup>13</sup> Of these eight, seven were in scope for further evaluation and assessment. Though considered in the initial mapping process, we have chosen not to include **Hardship Relief** for formal evaluation, as this relief is entirely discretionary.
- 1.19 The realised and estimated value of all permanent reliefs, including Small Business Rates Relief, Empty Property Rates Relief, and Charitable Rates Relief, are shown in Figure 4. Small Business Rates Relief is the most expensive and is estimated to cost £142.8 million in 2024-25, followed by Charitable Rates Relief, which is

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<sup>13</sup> [Business Wales. Business Rates in Wales – Guidance](#). August 2024.

estimated to cost £67.9 million, and Empty Property Rates Relief, which is estimated to cost £32.2 million in the same period.

Figure 4. Value of mandatory NDR reliefs (£ thousand)<sup>14</sup>



1.20 Other mapped reliefs, including Improvement Relief, the current iteration of Transitional Relief (associated with the 2023 NDR revaluation), and Heat Networks Relief, are relatively new and only have estimated values available for the 2023-24 and 2024-25 periods. It is not possible to estimate the cost of Improvement Relief, as this will depend on how many eligible improvements are made. RLHRR has been available at varying levels since 2020-21. As the relief is administered using the discretionary powers of local authorities, official data on the cost of this relief is not available as it is for mandatory reliefs. The Welsh Government budget for each year RLHRR has been provided includes an allocation to cover the expected cost. Estimated figures for these reliefs are available below in Table 1.

<sup>14</sup> [StatsWales. Non-domestic rates, by NDR row description \(£ thousand\).](#)

Table 1. Estimated relief values for temporary reliefs (2023-24 and 2024-25)<sup>15</sup>

NDR relief	Estimated Relief Value (£ thousands) 2023-24	Estimated Relief Value (£ thousands) 2024-25
Transitional Relief	£68,255 <sup>16</sup>	£38,000 <sup>17</sup>
Heat Networks Relief	No data	£1,273 <sup>18</sup>
RLHRR	£140,000 <sup>19</sup>	£78,000 <sup>20</sup>

- 1.21 The remainder of this section provides an overview and further characterisation of each of the seven mapped reliefs. An overview of all reliefs is provided at the end of Section 2, in Table 2.
- 1.22 The Welsh Government’s flagship relief is **Small Business Rates Relief**. This relief is designed to reduce liabilities and overheads for small businesses, intending to help them re-invest and grow. Small Business Rates Relief is the most expensive, with £142.8 million estimated for bill reductions in 2024-25, a 41% increase since 2016-17<sup>21</sup>. This is a permanent and mandatory relief, indicating that it exists every year. Since the relief is automatically applied and reliant on existing tax metrics, it is relatively simple for local authorities to administer. There are also limited restrictions attached to applying for this relief, making it easier for ratepayers to comply and reducing the administrative burden on local authorities (e.g., since this relief can apply to up to two properties per local authority, there is minimal cross-checking

<sup>15</sup> Note the improvement relief has not been included in Table 1, as data available is not complete or reliable, given that some local authorities provided estimates in their returns.

<sup>16</sup> Data comes from Alma Economics’ analysis of StatsWales data and data provided by the Welsh Government.

<sup>17</sup> [Welsh Government. Written Statement: Non-domestic rates support for 2024-25.](#) (2023).

<sup>18</sup> [StatsWales. Non-domestic rates estimates by NDR row description \(£ thousand\)](#)

<sup>19</sup> [Welsh Government. Written Statement: Non-domestic rates support for 2023-24](#) (2022).

<sup>20</sup> [Welsh Government. Written Statement: Non-domestic rates support for 2024-25](#) (2023).

<sup>21</sup> Alma Economics’ analysis of StatsWales data: [StatsWales. Non-domestic rates, by NDR row description \(£ thousand\)](#)

required). NDR tends to be blamed when small businesses fail, so this relief is considered a straightforward way to support small businesses. However, there is limited definitive evidence to indicate if this relief significantly changes the economic landscape, such as increasing the number of small businesses.

- 1.23 **Charitable Rates Relief** supports charities and community amateur sports clubs. If a property is occupied by a charitable organisation, it automatically qualifies for an 80% mandatory relief. The value of this relief has increased over time, with £63.9 million provided in 2022-23, a 14% increase from 2016-17. An additional up to 20% top-up is also available at the discretion of the local authority as part of discretionary reliefs, which would enable up to 100% NDR relief for charities.
- 1.24 **Empty Property Rates Relief** is a mandatory relief, which supports property owners who have an empty property. Ratepayers receive full relief from paying NDR for three or six months, depending on the property type. This relief was inherited by the Welsh Government within the tax system, which pre-dated devolution, although some changes have since been made. The temporary (from the perspective of the recipient) nature of this relief aims to reduce the number of empty properties by acting as an incentive to return them to economic activity as quickly as possible. The value of this relief has decreased over time, with £33.7 million provided in 2022-23, a 15% decrease from 2020-21. There have been some issues with ratepayers trying to claim the relief multiple times for the same empty property for the purposes of NDR avoidance. The Welsh Government has sought to address this behaviour by extending the minimum period of occupation before a property may be eligible for a subsequent period of Empty Property Rates Relief.
- 1.25 **RLHRR** was originally offered as an emergency measure in 2020-21 due to the COVID-19 pandemic and subsequent lockdowns, which forced many businesses within the retail, leisure, and hospitality sectors to close. RLHRR has remained in place due to ongoing economic pressures affecting these types of businesses, though it is not intended to be a permanent relief. The Welsh Government allocated £78 million for this relief in the Budget for 2024-25. The relief was originally offered at 100% (in 2020-21 and 2021-22), but this has since been scaled back to 40%

reductions in NDR bills for 2024-25, with a cap of £110,000 per business. This scale-back has led to some complaints from ratepayers. The recent Draft Budget for 2025-26 (December 2024)<sup>22</sup> stated that eligible ratepayers will continue to receive 40% RLHRR for the duration of 2025-26. This relief is currently application-based and has relatively high administrative costs for local authorities compared with other reliefs.

1.26 **Improvement Relief** is a relatively new relief available since April 2024. It aims to support ratepayers investing in improvements for their businesses, though the impact on ratepayer behaviour is currently uncertain. To have the relief applied, businesses must meet two conditions: (i) the qualifying works condition and (ii) the occupation condition. The qualifying works condition means that qualifying improvement works must “result in a positive change in the RV of the hereditament to be eligible for relief”<sup>23</sup>. Examples of such improvements include (i) the addition of insulation or new lining to a previously uninsulated property, or (ii) improvements or upgrades to the property’s physical state (e.g., the addition of heating or air conditioning). The occupation condition requires that, in the period since the qualifying improvement works began, the property has remained occupied, and the ratepayer has not changed. The relief is intended to target ratepayers who continue to occupy and benefit from the improvement, and remove the disincentive from property improvements that increase the RV. This relief applies only to the incremental value added by improvements for a 12-month period, though there have been some stakeholders who have suggested extending this period to 18 or 24 months. The cost of this relief is not yet known, but it is expected to be among the least costly of the reliefs.

1.27 **Transitional Relief** aims to soften the transition for increasing liabilities following a revaluation. This relief has taken various forms over time, with recent iterations taking effect following the revaluations in 2017 and 2023. Following the 2023 revaluation, the Welsh Government introduced<sup>24</sup> transitional relief to phase in

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<sup>22</sup> [Welsh Government. Written Statement: Non-domestic rates support in 2025-26.](#)

<sup>23</sup> [Business Wales. Non-Domestic Rates - Improvement Relief Guidance.](#)

<sup>24</sup> [Welsh Government. Written Statement: Non-domestic rates support for 2023-24](#) (2022).

increases in NDR bills over a two-year period, where ratepayers pay 33% of their additional liability in the first year, 66% in the second year, and then pay the full increased liability in the third year. Estimates for this relief indicate that the value for 2024-25 is approximately £38 million.

- 1.28 The final relief included in our mapping exercise is **Heat Networks Relief**, which is a relatively new relief available since April 2024. This relief is part of a wider government agenda to incentivise the establishment of heat networks, supporting the decarbonisation of buildings and transition away from fossil fuels. Heat networks supply thermal energy from a central source to consumers through a network of pipes. If a non-domestic property is wholly or mainly used as a heat network supplying energy from low-carbon sources, then a 100% relief is applied. The estimated value of this relief for the 2024-25 financial year is £1.3 million.

Table 2. Overview of mapped NDR reliefs

NDR relief	Description	Timeframe and value	Administration and limitations
<b>Small Business Rates Relief</b>	A mandatory relief for properties with RV up to £12,000, and tailored support is available for childcare providers and post offices.	Permanent relief. Properties with RV up to £6,000 receive 100% relief. Properties with RV between £6,001 and £12,000 receive the relief on a tapered basis from 100% to 0%.	Automatically applied. Relief is limited by a property RV of £12,000 for small businesses. Max two properties per business in each local authority.
<b>Empty Property Rates Relief</b>	A mandatory 100% relief for the first three months (six months for industrial properties) that a property is empty, after which full rates apply unless specific exemptions are met.	Permanent relief (from an administration perspective). 100% relief during the three or six-month period, depending on the property type.	Property owners must notify the local authority when the property is empty, and then the relief is automatically applied.

NDR relief	Description	Timeframe and value	Administration and limitations
<b>RLHRR</b>	A discretionary temporary relief for eligible businesses in the retail, leisure, and hospitality sectors, with varying percentages based on the financial year.	Relief began during the COVID-19 pandemic (2020-21). The value has changed year over year, initially 100%, and now (2024-25) it is a 40% relief.	Previously automatic, it is now by application only.  The amount of relief is capped at £110,000 per business.
<b>Improvement Relief</b>	A temporary relief from increased NDR liability due to property improvements.	Relief is available from 2024-25 until 2028-29. Ratepayers will benefit from relief for 12 months, following the completion of qualifying improvements. The amount of the relief is equivalent to the increased liability that would otherwise be incurred in the first 12 months after the improvements are made.	Ratepayers need to satisfy two conditions: (1) “qualifying works” – where improvements result in a positive change in the rateable value and (2) “occupation condition” – in the period since the qualifying works began, property has remained occupied, and ratepayer has not changed. If conditions are met, relief is automatically applied.
<b>Transitional Relief</b>	A mandatory temporary relief following the NDR revaluation, which took effect on 1 <sup>st</sup> April 2023. Any liability increases over £300 will be phased in over a two-year period.	Temporary for a two-year period (2023-24 and 2024-25). A ratepayer will pay 33% of their additional liability in the first year and 66% of their additional liability in the second year, before paying the full liability in the third year following the revaluation.	Automatically applied.  Liability increases that are less than £300 are not eligible.

NDR relief	Description	Timeframe and value	Administration and limitations
<b>Charitable Rates Relief</b>	A mandatory relief for properties occupied by charities or community amateur sports clubs.	80% mandatory relief, with potential for top-up to 100% through discretionary relief (up to 20% is discretionary, up to the local authority).	Automatically applied.
<b>Heat Networks Relief</b>	A mandatory relief for properties that are wholly or mainly used as heat networks that supply thermal energy generated from low-carbon sources. This relief is intended to support the development and growth of heat networks.	Relief is available from 2024-25 until 2034-35. Offers 100% relief.	Ratepayers will need to apply and confirm they meet the low-carbon condition.

## Drafting of the principles

1.29 The second activity in Strand 1 identified and selected principles to evaluate the selected reliefs from the previous mapping activity. We reviewed a number of relevant sources discussing principles of optimal taxation and the rationale for those principles, which are cited in the text below. Based on this review, we identified five principles. Many of the principles identified within the literature focus on principles for evaluating taxes – not reliefs from taxes. With that in mind, our logic for developing principles for tax reliefs specifically requires a more nuanced approach, thinking systematically about the purpose of the relief and how it affects business behaviour and the wider economy. Each of the identified principles is discussed in detail below, with a full overview of the principles and their relevant metrics found at the end of Section 3 in Table 3.

## Simplicity and compliance

- 1.30 Simplicity refers to NDR reliefs being easy to understand and access for ratepayers and having low administration costs for local authorities (see e.g., Mirrlees, 2011)<sup>25</sup>. The simplest relief is one that is automatically applied to a tax bill, meaning there is no administrative burden on the business to apply or prove their eligibility for a relief. This is also the lowest administrative cost for local authorities. The more onerous an application or administrative process for a relief, the less simple it becomes. Compliance focuses on ensuring tax reliefs reach their intended beneficiaries while preventing misuse of the relief system (see e.g., OECD, 2014)<sup>26</sup>. Non-compliance within the tax system reduces tax revenue, and the targeting of reliefs can cause incentives for distortions in behaviour. Simplicity and compliance are considered together because a relief that is simple to understand and administer will tend to create fewer opportunities for ratepayers and local authorities to make mistakes (i.e., non-compliance).
- 1.31 Tax experts interviewed generally agreed with simplicity and compliance as principles to assess NDR reliefs against. Some interviewees noted that simplicity can be considered on different levels, for example simplicity of an individual relief versus simplicity of the whole system of reliefs. A few interviewees also noted that while simplicity is important, it can be difficult to achieve in practice.

## Certainty

- 1.32 Certainty refers to the degree to which businesses can rely on the future of a relief, allowing them to effectively plan and budget for future finances (see e.g., Piper, 2020)<sup>27</sup>. Aspects of certainty that are important to consider include (i) the timeframe of the relief – how long will the relief last? and (ii) the amount of the relief – what is the monetary value of the relief, and how stable is this amount? The more certainty a relief has, the more businesses can realise the full value of the relief and

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<sup>25</sup> Mirrlees, J. (2011). [Tax by Design: The Mirrlees Review](#). Institute for Fiscal Studies/Oxford University Press.

<sup>26</sup> OECD (2014), [Addressing the Tax Challenges of the Digital Economy](#), OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris

<sup>27</sup>Piper, J. (2020), [Certainty in Tax](#).

maximise financial decision-making in a way that encourages efficiency and promotes economic and socially beneficial activities.

- 1.33 Overall, the interviewed tax experts agreed with certainty as a principle to assess NDR reliefs. It was said to be essential for businesses, especially when businesses can plan beyond one financial year at a time. Some interviewees did caveat that for reliefs to work practically, they also need flexibility to respond to external factors (e.g., pandemics and budget constraints). However, this does not necessarily conflict with certainty as a principle, provided governments offer visibility over how they will respond to crises.

### Revenue sufficiency

- 1.34 Revenue sufficiency centres on the tax principle that any tax system must generate sufficient revenues to support government spending (see e.g., Scottish Government, 2021)<sup>28</sup>. Extending this logic to reliefs, a tax relief represents foregone tax income and should only be offered if the government has sufficient revenue to afford the relief. As a proxy indicator to estimate the revenue sufficiency of a relief, we divide the total annual relief value by the gross rates payable. In this way, we are able to express the value of each relief as a proportion of the total NDR revenue that would be expected if no reliefs were provided. More expensive reliefs will take up a higher proportion of the gross rates payable and therefore be potentially less revenue sufficient.
- 1.35 Tax experts interviewed generally agreed with revenue sufficiency as a principle to assess NDR reliefs. Some interviewees also suggested other relevant considerations, which included considering administrative costs as well as short-term versus long-term costs and benefits of reliefs.

### Economic efficiency

- 1.36 Economic efficiency refers to minimising the market distortions taxes create in an otherwise efficient economy (see e.g., Institute for Fiscal Studies, 2019)<sup>29</sup>. In theory,

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<sup>28</sup> Scottish Government (2021). [Framework for Tax 2021](#).

<sup>29</sup> Adam, S. Institute for Fiscal Studies. (2019) [Submission to Treasury Committee inquiry: The impact of business rates on business](#).

these distortions result in a less efficient economy, creating a “wedge” between buyers and sellers, resulting in disrupted market signals of production and consumption behaviours and reduced economic activity, income, and overall prosperity (see e.g., Gandhi et al., 1987)<sup>30</sup>. An economically efficient tax relief would reduce the distortion of the tax, avoid introducing new distortions, and maximise the intended positive externalities of the relief. For example, Heat Networks Relief is addressing a current market failure and creates incentives to drive businesses towards more environmentally friendly energy sources, therefore resulting in positive externalities of reducing carbon emissions.

- 1.37 Overall, tax experts interviewed were supportive of economic efficiency as a principle. Interviewees gave examples of where tax reliefs can be used to incentivise businesses’ investment to encourage economic development, such as through enterprise zones exempt from tax, green energy initiatives, and Heat Networks Relief.

#### Incidence of NDR

- 1.38 Important to assessing the economic efficiency of NDR is the consideration of the economic incidence (i.e., who bears the burden of the tax after allowing for adjustments in prices). To provide an illustrative example for a tax where this is more straightforward, for VAT the legal incidence is with businesses, but the economic incidence generally falls on consumers as VAT is “passed on” into prices.
- 1.39 For NDR, in the case of rented property, the question is whether the economic burden sits with the businesses that occupy the property (and are liable for NDR) or with the owners of that property (i.e., whether the presence of NDR leads to a reduction in rents). For owner occupiers, the question is whether the present value of future NDR on the property is reflected in a lower price paid for the property, which again means the business owner is compensated for the presence of NDR. There is a general lack of evidence on this topic, but the small amount of good

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<sup>30</sup> Gandhi et al., (1987). [Chapter 9: Tax Structure for Efficiency and Supply-Side Economics in Developing Countries](#).

evidence<sup>31</sup> suggests that the majority of the incidence of NDR is on the owners of the property rather than on businesses operating in that property.

- 1.40 The incidence of NDR is particularly important when assessing economic efficiency. In the case that the majority of the economic burden of NDR sits with landlords rather than tenants, these reliefs will benefit property owners rather than businesses operating from those properties. If the incidence of NDR is primarily with the business, then the conclusion is very different.
- 1.41 As noted above, the current literature on the incidence of NDR does not provide a clear answer regarding whether the economic burden ultimately falls on business owners or landlords. Due to the lack of a deep evidence base, we will assess the impact of NDR reliefs on economic efficiency based on both a high incidence on tenants and the alternative of a high incidence on landlords.

## Equity

- 1.42 The final principle is equity, which is a critical factor when evaluating overarching fairness within the tax system (see e.g., Institute for Fiscal Studies, 2019)<sup>32</sup>. A tax system should care about equity at the individual level. This includes vertical equity, where individual taxpayers with a higher ability to contribute pay at least the same as or more than those less able to contribute, and horizontal equity, where individual taxpayers in similar financial circumstances are treated equally. However, this concept is not valid for businesses, as the size of the business does not inform the circumstances of the individuals involved. A small business could be owned by a wealthy individual, while workers at a large business could be earning the minimum wage. Regarding NDR, this is further exacerbated by uncertainty over the tax incidence. If the incidence of the tax falls on the landlord, it is even more likely that reliefs targeted at helping smaller businesses can instead benefit wealthy individuals. Therefore, while equity is an important principle to bear in mind when

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<sup>31</sup> Bond, Stephen, et al. "[Who pays business rates?](#)" Fiscal Studies 17.1 (1996): 19-35.

<sup>32</sup> Adam, S. Institute for Fiscal Studies. (2019) [Submission to Treasury Committee inquiry: The impact of business rates on business.](#)

considering the overarching tax and relief system, it is not an appropriate principle for the evaluation of tax reliefs that only affect businesses.

Table 3. Overview of the principles

Principle	Description	Metrics to evaluate reliefs against the principles
<b>Simplicity and compliance</b>	The tax relief system should be simple to understand and administer and, therefore, easy for ratepayers to comply with. Measures should be included to prevent abuse and ensure intended beneficiaries are reached.	<p>Is the relief automatically applied, or does one need to apply?</p> <p>If one needs to apply, how onerous is the application process? For example, how long does it take to apply, is there a significant amount of paperwork, and is it possible to apply online?</p> <p>Automatic applications are the simplest and easiest to comply with.</p>
<b>Certainty</b>	Taxpayers should clearly understand how much tax they owe, when this tax is due, and how this could change in the future. Reliefs should be predictable so that there is no unexpected change in finances.	<p>What's the timeframe of the relief – is it temporary or permanent? Is the timeframe for the relief clear? (e.g., how long it will last) What is the monetary value of the relief, and will this amount be stable over time?</p>
<b>Revenue sufficiency</b>	Tax relief policies should balance providing relief with ensuring that the government can still generate sufficient revenue.	<p>Calculated quantitatively using the value of a relief as a proportion of the gross rates payable. Ranking for this category is based on (i) the size of the proportion, (ii) whether the value increases over time, and (iii) the availability of data.</p>

Principle	Description	Metrics to evaluate reliefs against the principles
<b>Economic efficiency</b>	Tax reliefs should encourage economic activities that benefit the economy. This includes offering incentives, savings, or productive economic activities without causing market distortions.	<p>Does the relief encourage economic activities, and/or is it addressing an existing market distortion or failure?</p> <p>In some cases, this will depend on the economic incidence of the NDR (i.e., who bears the burden of the NDR) between property owner and occupiers. For short-term reliefs (e.g., Improvement Relief or Transitional Relief) and reliefs where there is no tenant (e.g., Empty Property Rates Relief), tax incidence will matter less (or not at all) when assessing the economic efficiency of reliefs.</p>

### Preliminary evaluation of NDR reliefs

1.43 To assess the relevance and practicality of the draft principles, we have conducted an evaluation of the NDR reliefs. We approached the evaluation using a five-point scoring system ranging from “Very High” to “Very Low”, described further in Table 4. Using the metrics described in Table 3, the reliefs are compared against each other within a single principle. For instance, for the revenue sufficiency principle, the most revenue sufficient relief will receive a “Very High” score, while the least revenue sufficient relief will receive a “Very Low” score. This means that the score is relative to the other reliefs within each category. In cases where we could not assess economic efficiency due to uncertainty around tax incidence, we have used “Uncertain” to indicate that a score could not be assigned. This was the case for Small Business Rates Relief, RLHRR, and Charitable Rates Relief. Please note that

this is a proof of concept rather than a full evaluation, and the classifications are based on subjective interpretations of the reliefs.

1.44 The scoring system is based on the following:

Table 4. Preliminary evaluation scoring categories

<b>Very high</b>	<b>High</b>	<b>Neutral</b>	<b>Low</b>	<b>Very Low</b>
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Table 5. Preliminary evaluation of NDR reliefs using the principles

NDR relief	Simplicity and Compliance	Certainty	Revenue Sufficiency	Economic Efficiency
<b>Small Business Rates Relief</b>	<p style="text-align: center;"><b>Very high</b></p> <ul style="list-style-type: none"> <li>Automatically applied to NDR bills.</li> <li>This requires no additional burden for ratepayers and minimal administrative burden on local authorities.</li> </ul>	<p style="text-align: center;"><b>Very high</b></p> <ul style="list-style-type: none"> <li>Permanent relief.</li> <li>Value of relief is offered at a sliding scale dependent on RV.</li> <li>Thresholds have remained consistent over time.</li> </ul>	<p style="text-align: center;"><b>Very low</b></p> <ul style="list-style-type: none"> <li>In 2024-25, the estimated value of this relief made up 10.3% of gross rates payable, the highest of all the reliefs.</li> <li>This proportion has also increased over time, with the proportion value 8.5% in 2016-17.</li> <li>Good data availability.</li> </ul>	<p style="text-align: center;"><b>Uncertain</b></p> <ul style="list-style-type: none"> <li>If the incidence of the NDR falls primarily on property occupiers and it allows all businesses to invest, this relief may be well-targeted in support of SMEs.</li> <li>If the incidence falls primarily on landlords, the relief is likely to be ineffective and, hence, an inefficient use of resources.</li> </ul>

NDR relief	Simplicity and Compliance	Certainty	Revenue Sufficiency	Economic Efficiency
<b>Empty Property Rates Relief</b>	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>• Local authorities must be notified when the property is empty.</li> <li>• Relief is automatic once approved.</li> <li>• There has been some history of abuse with this relief.</li> </ul>	<p style="text-align: center;"><b>Very high</b></p> <ul style="list-style-type: none"> <li>• Permanent relief.</li> <li>• Value and timeframe (3 or 6 months) have remained stable for many years.</li> </ul>	<p style="text-align: center;"><b>High</b></p> <ul style="list-style-type: none"> <li>• In 2024-25, the estimated value of this relief made up 2.3% of gross rates payable, which is the third lowest of the reliefs.</li> <li>• This value has decreased over time, with the proportion being 2.9% in 2016-17.</li> <li>• Good data availability.</li> </ul>	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>• This relief may encourage property owners to leave properties vacant longer than they would have without the relief.</li> <li>• Potentially creates impacts on the local economy and economic inefficiencies through the diversion of resources within local government due to a history of relief abuse.</li> </ul>

NDR relief	Simplicity and Compliance	Certainty	Revenue Sufficiency	Economic Efficiency
RLHRR	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>Relief was previously automatic, but now one must apply.</li> </ul>	<p style="text-align: center;"><b>Very Low</b></p> <ul style="list-style-type: none"> <li>Temporary measure that is unclear how long relief will last.</li> <li>The relief amount has changed between years, from 100% to 75%, to now 40% (2024-25).</li> </ul>	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>In 2024-25, the estimated value of this relief made up 5.6% of gross rates payable, which is the second highest of the reliefs.</li> <li>Limited data availability.</li> </ul>	<p style="text-align: center;"><b>Uncertain</b></p> <ul style="list-style-type: none"> <li>If the incidence of the NDR falls primarily on property occupiers, it allows all businesses to grow. If the incidence of the NDR falls primarily on property occupiers, then this relief may be highly beneficial to a sector that has struggled during the COVID-19 pandemic and the immediate years following.</li> <li>If the incidence falls primarily on landlords, the relief is likely to be ineffective and, hence, an inefficient use of resources.</li> </ul>

NDR relief	Simplicity and Compliance	Certainty	Revenue Sufficiency	Economic Efficiency
<b>Improvement Relief</b>	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>Automatically applied where the “qualifying works condition” and “occupation condition” have been met.</li> <li>Administrative burden falls on the VOA and local authority, not on the ratepayer.</li> </ul>	<p style="text-align: center;"><b>Neutral</b></p> <ul style="list-style-type: none"> <li>A temporary relief recently introduced that will last until March 2029. Unclear if relief will be extended.</li> <li>Amount of relief is dependent on value of improvements</li> </ul>	<p style="text-align: center;"><b>High</b></p> <ul style="list-style-type: none"> <li>The relief value is expected to be among the lowest, but data is not yet available.</li> </ul>	<p style="text-align: center;"><b>Very High</b></p> <ul style="list-style-type: none"> <li>The relief is designed to reduce the disincentive that businesses may face when considering upgrades or expansions to their non-domestic properties.</li> </ul>
<b>Transitional Relief</b>	<p style="text-align: center;"><b>Very High</b></p> <ul style="list-style-type: none"> <li>Automatically applied to NDR bills.</li> <li>This requires no additional burden for ratepayers and minimal administrative burden on local authorities.</li> </ul>	<p style="text-align: center;"><b>Neutral</b></p> <ul style="list-style-type: none"> <li>A temporary relief.</li> <li>Relief was introduced in 2023 following a revaluation of non-domestic properties.</li> <li>Will last for two years, and amount per year is certain.</li> </ul>	<p style="text-align: center;"><b>High</b></p> <ul style="list-style-type: none"> <li>This relief value is estimated to be 2.9% of gross rates payable for 2024-25.</li> <li>This is a decrease compared to the 5.2% estimate of the previous year.</li> </ul>	<p style="text-align: center;"><b>High</b></p> <ul style="list-style-type: none"> <li>Helps businesses manage their cash flow.</li> </ul>

NDR relief	Simplicity and Compliance	Certainty	Revenue Sufficiency	Economic Efficiency
<b>Charitable Rates Relief</b>	<p style="text-align: center;"><b>High</b></p> <ul style="list-style-type: none"> <li>• Automatically applied to NDR bills.</li> <li>• This requires no additional burden for ratepayers and generally low administrative burden on local authorities, although some need for checking the status of charities is created.</li> </ul>	<p style="text-align: center;"><b>Very High</b></p> <ul style="list-style-type: none"> <li>• Permanent relief.</li> <li>• The 80% mandatory relief and discretionary 20% (up to 100%) have been stable for many years.</li> </ul>	<p style="text-align: center;"><b>Neutral</b></p> <ul style="list-style-type: none"> <li>• This relief value was 4.9% of gross rates payable in 2024-25.</li> <li>• This proportion has been relatively stable over time, staying around 5%.</li> <li>• For 2024-25, this relief is estimated to have the third highest proportion.</li> </ul>	<p style="text-align: center;"><b>Uncertain</b></p> <ul style="list-style-type: none"> <li>• If the incidence of the NDR falls primarily on property occupiers, this relief may be well-targeted in support of charitable organisations and nonprofit entities.</li> <li>• If the incidence falls primarily on landlords, the relief is likely to be ineffective and, hence, an inefficient use of resources.</li> </ul>

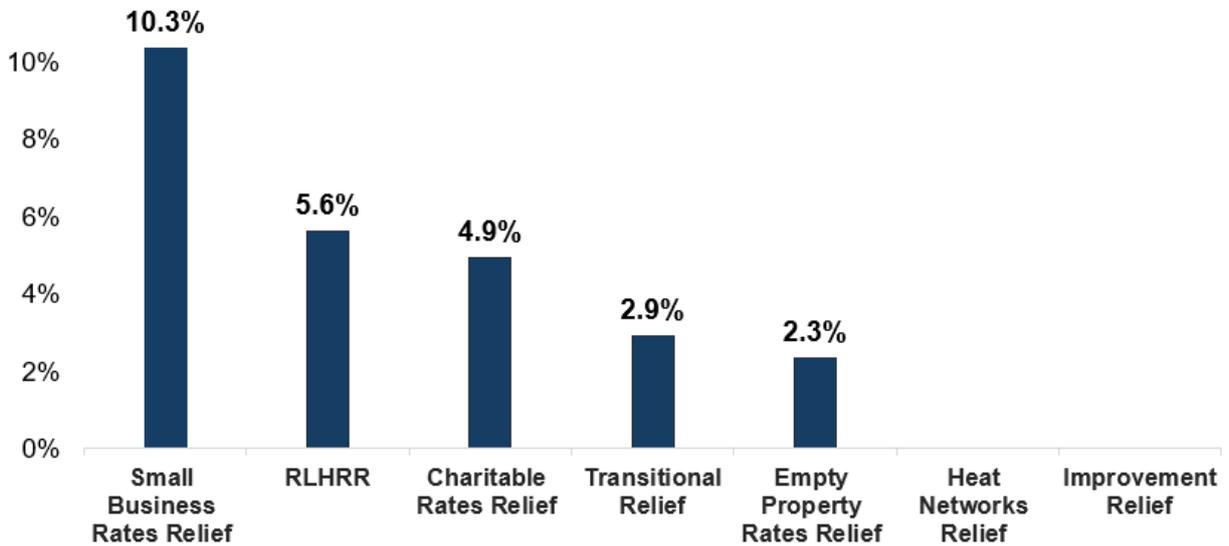
<b>NDR relief</b>	<b>Simplicity and Compliance</b>	<b>Certainty</b>	<b>Revenue Sufficiency</b>	<b>Economic Efficiency</b>
<b>Heat Networks Relief</b>	<p><b>Low</b></p> <ul style="list-style-type: none"> <li>• Application is not automatic.</li> <li>• An application is required to confirm that the low-carbon condition is met.</li> </ul>	<p><b>Neutral</b></p> <ul style="list-style-type: none"> <li>• A temporary measure available until 2035; it is unclear if the change is permanent after this date.</li> <li>• Relief value is 100%, with no change for this period.</li> </ul>	<p><b>Very High</b></p> <ul style="list-style-type: none"> <li>• The relief value is estimated to be 0.1% of gross rates payable for 2024-25.</li> <li>• However, as this is a new relief, this is just an estimate, and no other years are available.</li> <li>• This would be among the smallest proportion of all the reliefs.</li> </ul>	<p><b>High</b></p> <ul style="list-style-type: none"> <li>• Supported economic efficiency by incentivising the development and expansion of low-carbon heat networks for climate change mitigation.</li> </ul>

1.45 Automatic reliefs tend to be simpler and easier to comply with, such as Small Business Rates Relief, Transitional Relief, and Charitable Rates Relief. Reliefs characterised by an application process or additional administrative burden on ratepayers are ranked less favourably against the simplicity and compliance principle, especially Heat Networks Relief, which may require an annual confirmation of continued eligibility. Eligibility for Improvement Relief is based on two conditions being met, as assessed by the VOA and the local authority, before relief can be awarded to the ratepayer. This places additional administrative burdens on the administering organisations. Empty Property Rates Relief has had some issues regarding compliance, as there is a commonly known history of intentional abuse. RLHRR is also ranked less favourably against this principle, as its

application process has changed from automatic, making it more complicated and difficult for ratepayers to benefit from.

- 1.46 Permanent reliefs that have a stable value are the most certain, as they allow businesses to budget and plan for their future. These reliefs include Small Business Rates Relief, Empty Property Rates Relief, and Charitable Rates Relief. Temporary reliefs where there is no clear end date, or it is not clear what the value will be in future years are the most uncertain for businesses, making it difficult to plan financially. RLHRR is the lowest ranked relief regarding the certainty principle, as it is unknown how long it will last, and the amount has changed from 100% relief in 2020-21 and 2021-22, to 50% in 2022-23, 75% in 2023-24, and 40% in 2024-25. Temporary reliefs with a clear timeframe and value, for example the Heat Networks Relief, Improvement Relief, or Transitional Relief, are considered more certain than the RLHRR. However, they are less certain than the permanent reliefs, which do not have an end date.
- 1.47 The proportion of the gross rates payable for a financial year that is foregone in the provision of a relief is our proxy for how revenue sufficient a relief is. This proxy indicator is shown below in Figure 5, using the most reliable data available for each relief. Small Business Rates Relief is the most expensive relief and therefore least revenue sufficient relief, while Heat Networks Relief and Improvement Relief are expected to be the most revenue sufficient, though data is not yet available.

Figure 5. Revenue sufficiency indicator - relief costs as a proportion of gross rates payable (2024-25 estimates)



1.48 Reliefs that aim to encourage economic activity or target a market failure are considered more economically efficient. Improvement Relief encourages ratepayers to invest in their property and improve their business, by addressing the disincentive that arises when considering improvements that may result in a higher NDR bill. Reliefs that may create market distortions or reduce economic activity are considered less economically efficient. Empty Property Rates Relief may reduce economic activity, as property owners may be encouraged to leave properties vacant for longer than they would have without the relief, rather than seeking tenants. For example, instead of leaving the property for one month, they may be incentivised to keep the property empty for the full relief period (three or six months, depending on the type of business). This could temporarily result in a reduced number of businesses and economic activity that would otherwise exist if the property was occupied. Finally, as mentioned above, for some reliefs, the extent to which they have an impact on economic efficiency depends on the economic incidence of NDR.

## Strand 2 insights

### Summary of findings

- Local authorities overall agreed with the four suggested principles for assessing NDR reliefs: simplicity and compliance, certainty, revenue sufficiency, and economic efficiency.
- They unanimously felt that businesses have low awareness of reliefs, particularly RLHRR (after moving from an automatic to an application-based process) and Transitional Relief.
- The main challenge local authorities identified with the current system of reliefs is assessing eligibility. They described a substantial lack of resources to assess occupancy for commercial purposes.
- Suggested areas to improve included (i) prioritising resources for assessing eligibility, (ii) educating ratepayers about sharing accurate information, (iii) abolishing Transitional Relief now that NDR revaluations are more frequent, and (iv) strengthening recovery options for recouping NDR.

### Local authority workshops

- 1.49 Upon mapping the reliefs and drafting the principles within Strand 1, we conducted four workshops with local authority representatives in October 2024. The local authority representatives present were engaged in the administration of NDR reliefs, among other responsibilities. Attendees were primarily Heads of Revenues and Benefits, with some local authorities sending two officials to workshops. Overall, 20 officials representing 15 local authorities attended workshops. Contact details were obtained through the Welsh Government.
- 1.50 All participants were offered the option of attending workshops in Welsh or English, resulting in one Welsh-language workshop and three English-language workshops. Welsh-language insights were gathered and analysed by a Welsh-speaking researcher.

- 1.51 The purpose of these workshops was to understand the practical aspects of administering NDR reliefs, including the challenges faced by local authorities and best practices. Our work within Strand 1 fed into the discussion within Strand 2. Topic guides used in the workshops can be found in Annex B; these were informed by two scoping interviews with Heads of Revenues and Benefits. The topic guide for the scoping interviews can also be found in Annex B.

### Principles used to assess NDR reliefs

- 1.52 Local authority representatives attending focus groups were shown the principles outlined in Chapter 3 (Strand 1 insights). These principles are (i) simplicity and compliance, (ii) certainty, (iii) revenue sufficiency, and (iv) economic efficiency. When asked, participants who spoke on this topic universally welcomed the principles and expressed agreement with them. While welcoming these principles, participants made the general comments summarised below.
- 1.53 **Simplicity and compliance:** Focus group participants all agreed that reliefs should be simple, but some argued that reliefs should be simplified further to ensure that ratepayers understand them. Some argued that the complexity of different reliefs means that explaining how NDR reliefs have been applied to a ratepayer's bill is not easy or always possible.
- 1.54 **Certainty:** Focus group participants viewed the stability and consistency of reliefs as highly important for ratepayers to be able to plan for the future. They noted that, when asked, local authorities are not able to inform businesses of the future of specific NDR reliefs.
- 1.55 **Revenue sufficiency:** Focus group participants recognised the importance of this principle, given the role of NDR in funding local services.
- 1.56 **Economic efficiency:** Focus group participants agreed with the importance of this principle but highlighted that, in some cases, reliefs can create unanticipated distortions that reduce economic efficiency. For example, Small Business Rates Relief allows certain profit-making small businesses to pay less in NDR than small charities.

## Ratepayer awareness of reliefs

- 1.57 Across all four focus groups, participants stated that ratepayers tend to have a low awareness of NDR reliefs. In the words of one local authority, “most ratepayers just look at the bottom line on their bill – and if it’s not too bad or similar to last year, they’ll just pay it. They don’t necessarily examine every line.”
- 1.58 Local authority representatives often identified a difference in awareness of NDR reliefs between large and small businesses, with small businesses more likely to be unaware of the reliefs and less likely to seek reliefs that require applications. Larger businesses, instead, often contract legal advice to ensure they receive all reliefs to which they are eligible. The most common example raised by officials was that large businesses often claim Empty Property Rates Relief, while small businesses are less likely to do so.
- 1.59 RLHRR was identified by many as the relief that smaller businesses are less aware of. The change from automatic administration for RLHRR to ratepayers having to apply was identified as a major challenge. Local authorities gave detailed explanations of how they encourage applications for RLHRR, including in-person visits to businesses and letters to non-domestic premises, but stated that applications remain lower than expected. Some officials, therefore, called on RLHRR to be reformed to allow for automatic determination of eligibility by the local authority, while others warned that automatically awarded reliefs foster an even deeper lack of engagement from ratepayers. Two local authority officials – in different focus groups – highlighted that they have bespoke discretionary relief schemes that require applications and that ratepayer applications for these remain very low despite significant efforts from the local authority to increase awareness.
- 1.60 Awareness of other reliefs was also described as low by local authority representatives. Many highlighted the lack of awareness of Transitional Relief, which can lead to ratepayers being unaware that their NDR bill will increase in the following years. Local authorities described receiving phone calls from businesses asking why their NDR bill has increased as they are not aware they are receiving Transitional Relief, which takes time and resources to explain.

## Assessing ratepayer eligibility for reliefs

- 1.61 Local authority representatives stated that application forms for reliefs – such as Empty Property Rates Relief and Charitable Rates Relief – are designed to be very simple.
- 1.62 The main challenge identified by all local authority representatives when administering reliefs is assessing whether premises are occupied for commercial purposes. As Empty Property Rates Relief is perceived as less generous than Small Business Rates Relief and RLHRR, there is an incentive for property owners to avoid informing the local authority when a lease ends and a property becomes empty. Local authorities mentioned that they lack the resources to investigate whether commercial properties are genuinely being used for the claimed purposes. They also described a lack of data sharing and support from Companies House to assess the legitimacy of businesses as a challenge.
- 1.63 Ultimately, focus groups found that the primary challenge for local authorities is not assessing the eligibility of ratepayers for certain reliefs – it is assessing whether premises are occupied or not when they lack the resources to inspect properties at scale. One local authority representative explained: “We’re always working off scraps. I can barely think of a case where I’ve really known when someone’s moved out, when their lease has ended, who the owner is, and when the new lease started – we just don’t get that”.
- 1.64 Nonetheless, other eligibility-related challenges – including some knock-on impacts of the main challenge outlined above – were raised by local authorities. These have been summarised below for each relief.
- 1.65 **RLHRR:** Local authorities noted that most applications for RLHRR are straightforward, with accurate information provided by ratepayers in their applications. Beyond increasing awareness of the scheme and applications (discussed above), the main challenge identified by local authorities is uncertainty in determining whether a business is eligible. During the COVID-19 pandemic, the definition of retail, leisure and hospitality was interpreted broadly to include many

businesses, with one local authority representative stating “we started awarding reliefs that, if we'd known we were still going to be using the same criteria five years later or whatever, might have given us more pause for thought at the time”. In an attempt to maintain consistency across Welsh local authorities, officials share their assessments of eligibility for the RLHRR with each other via email. Participants argued that the Welsh Government’s guidance does not include all possible business types.

- 1.66 **Charitable Rates Relief:** Across focus groups, local authorities raised concerns that “huge swathes” of empty buildings are being let to fraudulent charities, which use only a small portion of the premises. This scheme allows properties to be eligible for Charitable Rates Relief rather than the less generous Empty Property Rates Relief. These charities are often not registered with the Charities Commission, as they claim their turnover is below the annual threshold of £5,000 per year. Participants raised concerns that, in some cases, charities may have informal links to their landlords, which could result in arrangements designed to avoid paying NDR. A separate challenge raised by some participants is that some smaller, volunteer-run charities find applying for the relief challenging and, therefore, make genuine mistakes, which require local authority resources to resolve.
- 1.67 **Small Business Rates Relief:** Local authority representatives raised two main challenges regarding assessing eligibility for Small Business Rates Relief. The first relates again to empty properties, as Small Business Rates Relief is only available for occupied properties, which does not include the time required for a premise to be adapted for the needs of a new business. Participants described a property remaining eligible for Small Business Rates Relief throughout a transition between being a hairdresser and a café, despite it being clear that the premise was unoccupied for some time for renovations. Local authorities stated that they lack the resources to tackle this form of avoidance but that the revenue lost is relatively small. The second challenge raised by officials is that some ratepayers avoid Small Business Rates Relief’s multi-property restriction by creating shell companies or

registering premises with a new business under the name of a friend or family member. Some participants described lacking the resources to tackle this form of avoidance, while also arguing that Companies House could share data to assess business legitimacy more effectively and efficiently.

- 1.68 **Empty Property Rates Relief:** In addition to the knock-on effects of existing systems for registering and inspecting empty commercial properties described above, some local authority representatives raised further challenges with Empty Property Rates Relief. A challenge identified by one local authority is that the Empty Property Rates Relief's usual time-limited nature does not apply to listed buildings. This means that owners of these buildings receive full NDR relief, which incentivises fraudulent applications for listed buildings' status.
- 1.69 **Other reliefs:** The other in-scope reliefs – Improvement Relief, Transitional Relief, and Heat Networks Relief – were not discussed in detail, primarily due to the low number of applications and automatic administration processes.

### NDR reliefs and local authority resources

- 1.70 Local authority representatives were also asked to describe the most resource-intensive aspects of administering NDR reliefs. Participants mentioned that they find it challenging to assess the start and end dates of occupancies (described above). The most time-intensive aspect is resolving disputes between landlords and their tenants, who are debating on when a tenancy ended and, therefore, who is required to pay NDR. Assessing whether businesses are eligible for specific reliefs (including the multi-property limit for Small Business Rates Relief) and whether businesses are operating in sectors eligible for RLHRR were also noted as resource-intensive tasks.
- 1.71 Despite government financial support increasing over a number of years<sup>33</sup>, local authorities were of the opinion that they have felt real-terms reductions in support, which have also coincided with workforce capacity challenges – with local authorities unable to replace local tax inspectors upon their retirement or

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<sup>33</sup> StatsWales. 2024. [Standard spending assessments and central government support, Wales](#)

encouraging voluntary redundancies (see e.g., Ifan and Sion, 2019)<sup>34</sup>. This means that local authorities' ability to assess properties and inspect eligibility for reliefs has decreased. In extreme cases, this means that local authorities are unable to review or challenge the information provided to them by ratepayers – with one participant stating that their authority “don't seem to find we have the resources to review them [NDR relief applications], certainly for the last three or four years. [...] The idea of reviewing them is currently beyond us”.

- 1.72 In addition to the challenges of assessing eligibility, local authority representatives also described other resource-intensive aspects of administering NDR reliefs. Of these, three main challenges were raised:
- 1.73 First, participants describe how changes to the treatment of contiguous units of property for NDR purposes affected eligibility for Small Business Rates Relief, increasing the workload for local authority officials. Relatedly, officials described the resource-intensive aspects of assessing eligibility for reliefs of individual storage units within large storage parks. Namely, difficulties with keeping track of renters of short-term storage units when the renter changes frequently.
- 1.74 Second, local authorities across multiple focus groups stated that Audit Wales's requests for data are highly resource-intensive, especially as the focus of requests varies significantly from year to year and are made with only a few weeks of notice. For example, this year's request – some officials noted – asked local authorities to verify whether properties are occupied or unoccupied for Empty Property Rates Relief, which one official stated would require “an army of people out on the ground” to verify within Audit Wales's deadlines. Another local authority official stated that Audit Wales requires local authorities to provide data manually rather than accepting reports of equally accurate system data.
- 1.75 Third, many local authorities described challenges with the software systems used to administer NDR reliefs. They stated that the lead-in times between the announcement of a new relief and its implementation are often too short in Wales,

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<sup>34</sup> Ifan and Sion. 2019. [Cut to the bone? An analysis of Local Government finances in Wales, 2009-10 to 2017-18 and the outlook to 2023-24.](#)

which places an “unrealistic expectation” upon software suppliers to incorporate complicated changes to NDR reliefs within a few weeks or months. The implementation of Transitional Relief and Heat Networks Relief were identified as examples of this challenge, with some local authorities describing delays in the billing of ratepayers or re-billing businesses that received incorrect NDR bills. Local authorities, therefore, called for lengthier lead-in times for changes to NDR reliefs. In addition to this challenge, participants described challenges caused by the VOA backdating changes to a property’s RV – which the software systems are not able to automatically implement. This, therefore, requires manual work from local authority officials and often requires lengthy engagement with ratepayers, who receive unexpected retrospective changes to their NDR bill.

### Complexities and interactions between reliefs

- 1.76 Local authorities were asked to describe how they manage complexities around administering multiple reliefs to an eligible business and to describe how different reliefs interact with each other. Participants provided a mixed picture in response to this question, with one focus group agreeing that “there is nothing particularly difficult with dealing with a business that's eligible for more than one relief”. Other local authorities stated that ratepayers often express uncertainty about how NDR bills are calculated when they are eligible for multiple reliefs.

### Best practice and areas to improve for administering reliefs

- 1.77 When asked to discuss ways forward to strengthen processes for assessing whether ratepayers are eligible for certain NDR reliefs, local authority representatives focused on the areas described below.
- 1.78 Some local authority representatives stated that efforts to increase the uptake of reliefs – especially RLHRR – have taken resources away from assessing eligibility. A re-prioritisation of assessing eligibility could, therefore, be achieved by de-prioritising other time-intensive tasks.
- 1.79 Other local authorities called for ratepayers to be encouraged to provide accurate information in a timely manner, especially regarding whether premises are

occupied, with one participant stating that “there needs to be a bit of an education [of ratepayers]. You do have to tell your local authority when you move in. [...] You do have to tell the Council that your business is operating”.

- 1.80 In addition to suggested changes to assess the eligibility of ratepayers, officials suggested wider changes to NDR reliefs. The first suggested change was to abolish Transitional Relief in light of the increased frequency of NDR revaluations from a five-year to a three-year interval, arguing that Transitional Relief can be complicated to administer, and ratepayers do not understand why their bills increase as a result of Transitional Relief reducing or ceasing to be applicable.

### Broader comments

- 1.81 Local authority representatives also called for the strengthening of recovery options available to recoup NDR, including through increased data sharing from the Welsh Government, Companies House, and HMRC. The primary way of strengthening recovery options, according to some, would be to allow local authorities to recover unpaid NDR and to challenge ratepayers’ applications through tribunals rather than Magistrate’s Courts. This would reduce the cost of legal fees to challenge NDR avoidance, bringing the process in line with that used for the recovery of unpaid council tax at tribunals.
- 1.82 A number of participants also highlighted that NDR revenue from different local authorities is “pooled” together rather than being spent on individual local authority needs. This disincentivises individual local authorities from investing in and improving their eligibility assessment processes. One participant noted: “Why would an authority go above and beyond? Because you're not going to see any benefits from it if you did some proactive work in reducing reliefs”. This local authority representative argued that changing the incentives for local authorities by introducing an element of local rates retention, investing directly in local authority inspection capacity, and increasing data sharing with investment in local authority capacity to analyse data returns should be considered by the Welsh Government to minimise NDR avoidance obtained through exploiting reliefs.

1.83 Finally, local authority representatives also recommended preventing short-term holiday lets (when classified as non-domestic for local taxes) from being eligible for Small Business Rates Relief. They were of the view that their eligibility supports economic activity, which can undermine communities and create a cliff edge, whereby properties that are leased for fewer than 182 days in a year may be liable for a premium rate of council tax (while most of those let for over 182 days do not have to pay NDR). A wider change to Small Business Rates Relief was also recommended by some local authorities, who expressed a wish for all small businesses to pay some NDR in order to strengthen the accuracy of databases. Other participants proposed that small businesses should be incentivised to share data with local authorities. These participants often paired this comment with a reflection on the number of businesses that suddenly “appeared” to local authorities to receive financial assistance during the COVID-19 pandemic.

## Strand 3 insights

### Summary of survey findings

- Just over half of respondents did not receive NDR reliefs or did not know if they received NDR reliefs. Overall, there was a distinct lack of awareness of reliefs among ratepayers.
- Smaller businesses, as well as those in the retail, hospitality, and leisure sectors, tended to report that the reliefs helped mitigate risks (e.g., avoiding drops in revenue). In contrast, larger businesses found that the reliefs supported increased investment.
- Nearly half of respondents stated that reliefs have a significant or very significant impact on their ability to operate, and nearly all said that NDR reliefs help small businesses in Wales generally.
- There is substantial uncertainty around the future of receiving NDR reliefs. There is little variation in this between business size and type

### Ratepayer survey

- 1.84 Beaufort Research's Business Omnibus Survey<sup>35</sup> covers a representative sample of all SMEs located across Wales. Businesses<sup>36</sup> are identified through ownership of a business telephone line. SMEs are defined as businesses with up to 250 employees, and eligible respondents hold high-level leadership or ownership positions within their respective business establishments. The survey is conducted bilingually and uses Computer Assisted Telephone Interviewing.
- 1.85 Alma Economics worked with Beaufort Research to add questions on NDR reliefs to the October 2024 edition of the Business Omnibus Survey. This included (i)

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<sup>35</sup> [Beaufort Research. Business Omnibus.](#)

<sup>36</sup> Businesses are defined in the survey using the UK Standard Industrial Classification (SIC) 2007 codes, including business activities such as (i) Agriculture, fishing, mining, and utilities, (ii) manufacturing, (iii) construction, transport, and communications, (iv) wholesale and retail, (v) finance, real estate/business activities, and (vi) hotels, restaurants, and other services. Categories including public administration, education, health care, and social work, are all excluded.

contextual information about respondents' businesses and whether they receive NDR reliefs, (ii) the most significant NDR relief businesses currently receive, (iii) impacts of receiving NDR reliefs, (iv) certainty around future rates of NDR relief, and (v) the importance of NDR reliefs in helping small businesses in Wales generally. A copy of the specific survey questions can be found in Annex C. Beaufort Research then submitted a dataset to Alma Economics in November 2024.

## Limitations

- 1.86 It is important to note that this survey was carried out ahead of the announcement of the Draft Budget for 2025-26 (December 2024)<sup>37</sup>. This could affect the findings for certain topics, such as certainty, as before the announcement, respondents were not clear on whether RLHRR would continue. It is possible that carrying out the survey again after the announcement would lead to respondents expressing more certainty over the future of receiving NDR reliefs.
- 1.87 The vast majority of reliefs represented within responses to this survey cover RLHRR and Small Business Rates Relief. Public and third-sector organisations are also excluded from the Beaufort survey. These considerations mean that findings are not generalisable to the other reliefs (such as Charitable Rates Relief).

## Summary of respondents

- 1.88 Respondents for the survey were reached through 500 telephone interviews between 30<sup>th</sup> September and 20<sup>th</sup> October 2024. The sample was then weighted to better represent the population and correct small deviations from the required sample quota. An overview of the characteristics of weighted survey respondents can be found below in Table 6.
- 1.89 Most of the business sample comprised of smaller businesses, measured by the number of employees (e.g., businesses with less than 10 employees (n = 407) and an annual turnover of less than £500k (n= 328) as proxies). In addition, most of the business activities were in wholesale and retail (n= 108) or hotels and other

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<sup>37</sup> [Welsh Government. Written Statement: Non-domestic rates support in 2025-26.](#)

services (n = 132). Agriculture and manufacturing made up the smallest proportion of the sample and were removed from the analysis due to the small sample size when cross-tabulated with other measures. Most of the businesses are in either South East or South West Wales (n = 308). In addition, 46% of businesses from the sample own the business premises that they operate out of, and 38% rent their premises. Those businesses that do not have premises (owned or rented) skipped our questions and moved on to the next section of the survey, as they would not have any interaction with the NDR system.

Table 6. Summary of respondents – weighted sample of 500 businesses across Wales

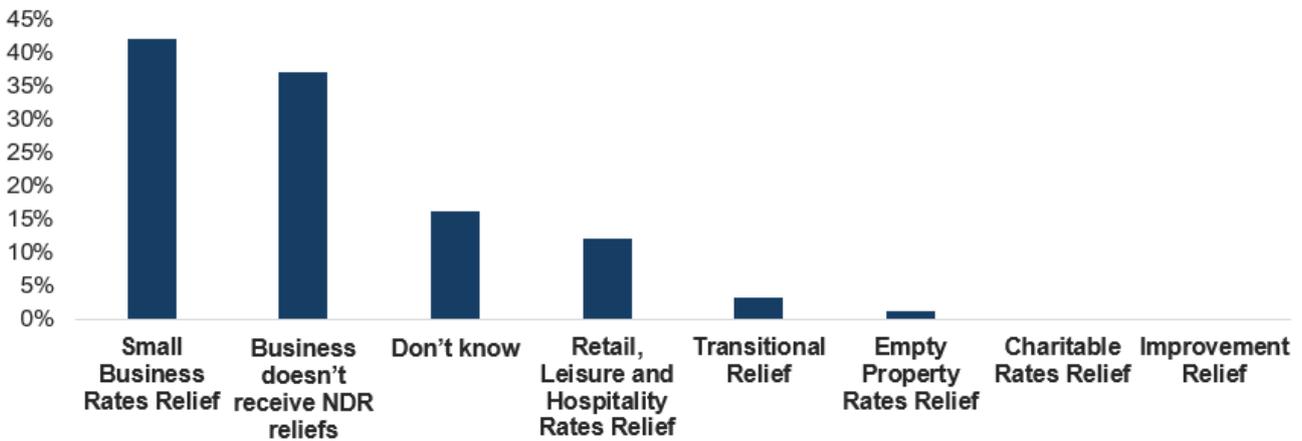
Characteristics	Number (n)	Percentage (%)
1 employee	109	22%
2 to 9 employees	298	60%
10+ employees	93	19%
North Wales	121	24%
South East Wales	191	38%
South West Wales	117	23%
Mid Wales	71	14%
Wholesale and retail sectors	108	22%
Hotels and other services	132	26%
Agriculture, mining, and utilities sectors	58	12%
Manufacturing sector	33	7%
Construction and transport sectors	81	16%
Finance and business services	87	17%

Under £100k turnover	167	33%
£101k - £500k turnover	161	32%
£501k+ turnover	114	23%
Don't know/refused turnover	58	12%
Owned business premises	232	46%
Rented business premises	191	38%
Don't operate out of premises	77	15%

## Relief awareness

1.90 Survey respondents were asked what NDR reliefs they are currently receiving, with the majority of respondents (53%) stating that their business did not receive any relief or that they didn't know. This does not necessarily mean that respondents are not receiving reliefs, but that, in some cases, they may not be aware that they are receiving reliefs. Small Business Rates Relief (41%) and RLHRR (12%) were the two most reported reliefs received, as shown in Figure 6. As noted above, public and third-sector organisations were excluded from the Beaufort survey, which explains why no respondents reported receiving Charitable Rates Relief.

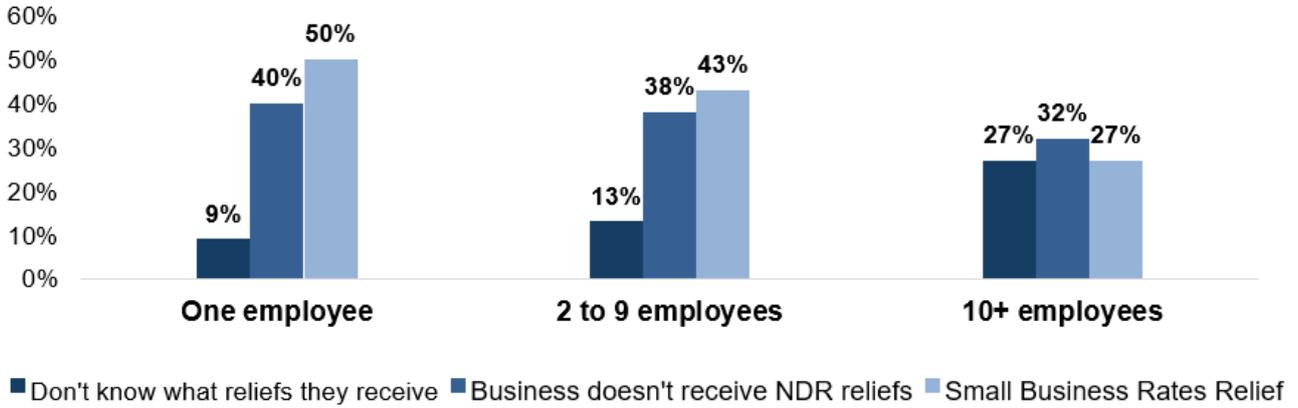
Figure 6. Percentage of businesses receiving NDR relief



Total sample size for this question is 325 responses.

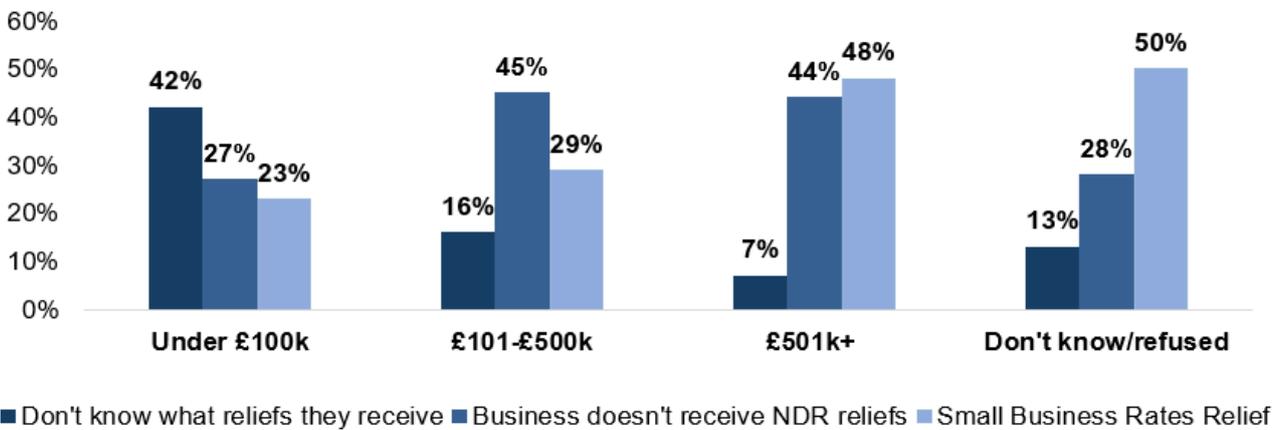
1.91 At least half of businesses with a small number of employees or lower turnover, which are likely to be eligible for Small Business Rates Relief, still report not receiving any NDR reliefs or not knowing if they receive one. The distribution by number of employees is shown in Figure 7, where 49% of one-employee businesses and 51% of two-to-nine employee businesses report not receiving or not knowing about any NDR relief. The distribution by turnover value (£) is shown in Figure 8, where 69% of businesses with under £100k of turnover don't receive or are unaware of receiving an NDR relief. In addition, businesses with higher turnover (£500k+) or unreported turnover had the highest reported proportion of receiving Small Business Rates Reliefs.

Figure 7. Percentage of businesses by number of employees receiving Small Business Rates Relief



Sample size across the three categories (don't know, business doesn't receive an NDR relief or Small Business Rates Relief) for one-employee businesses is 62. Sample size for 2 to 9 employee businesses is 251. Sample size for 10+ employee businesses is 79.

Figure 8. Percentage of businesses by turnover value receiving Small Business Rates Relief

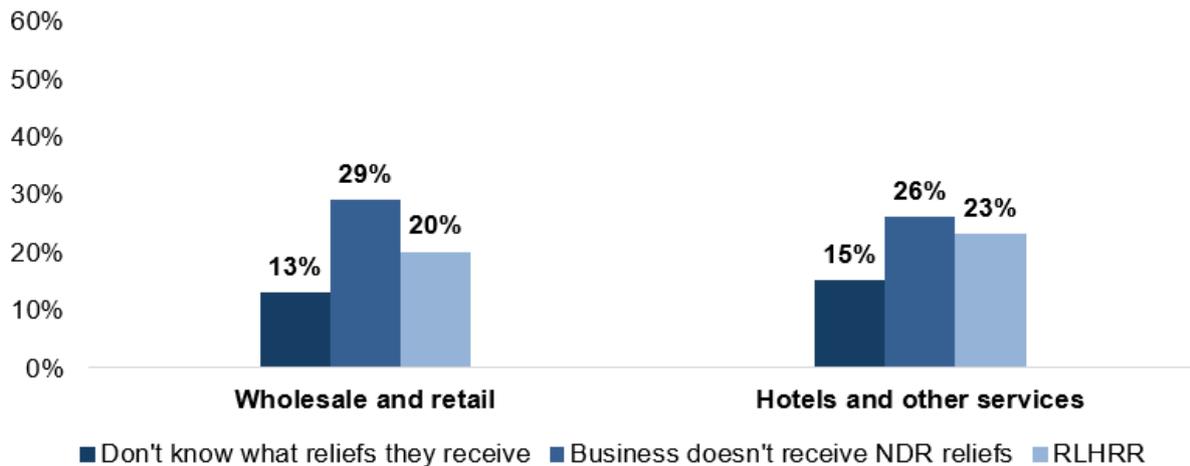


Sample size across the three categories (don't know, business doesn't receive an NDR relief or Small Business Rates Relief) for Under £100k turnover is 117. Sample size for £101 - £500k is 128. Sample size for £501k+ is 99. Sample size for Don't know/refused turnover value is 48.

1.92 A lack of awareness of NDR reliefs is also demonstrated for RLHRR, where approximately 40% of businesses that engage in wholesale and retail or hotel and other services activities report that they either do not receive reliefs or are unaware of any reliefs they do receive. Approximately 20% of businesses in each business activity category reported receiving RLHRR, as shown in Figure 9. These findings

align with qualitative evidence found in engagement with local authorities and ratepayers (as discussed in Chapters 4 and 5). It should be noted that some business types (wholesale and some other services) included in these categories may not be eligible for RLHRR.

Figure 9. Percentage of businesses by activity type receiving RLHRR

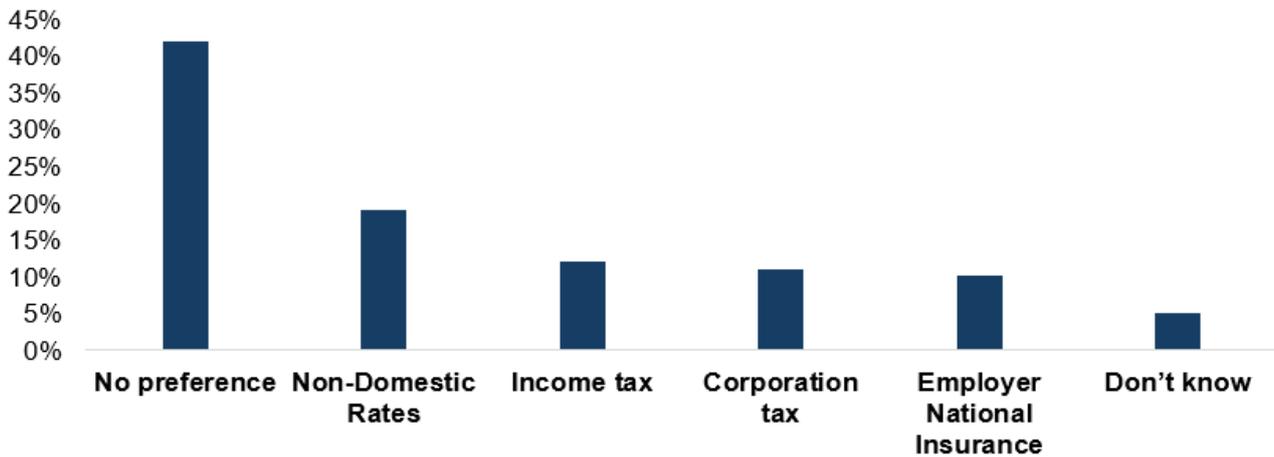


Sample size across the three categories (don't know, business doesn't receive an NDR relief, and RLHRR) for wholesale and retail businesses is 99. Sample size for hotels and other services is 48.

- 1.93 Respondents who received multiple reliefs were also asked which relief they received had the most significant value. This question had a very small sample size (34 weighted responses), indicating that very few businesses receive more than one relief or are not aware of receiving multiple reliefs.
- 1.94 Respondents were also asked if they could apply an additional £1,000 relief for their business, which tax they would prefer this to be applied against. This question was used to check whether respondents had any bias towards the type of tax they pay, as there should be no preference towards the mechanism by which a business receives an additional tax relief of fixed value. As shown in Figure 10, 42% of respondents had no preference as to which tax an additional £1,000 of relief would be applied to. This was evenly distributed across characteristics and demographics. NDR was the second highest at 19%, indicating that for businesses, there is some sense that a relief would be more beneficial if applied to NDR over other forms of taxation, including corporation tax. By business type, wholesale and retail

businesses had the highest proportion (29%) reporting a preference for £1,000 of relief being applied to NDR.

Figure 10. Percentage of businesses reporting preference for additional relief

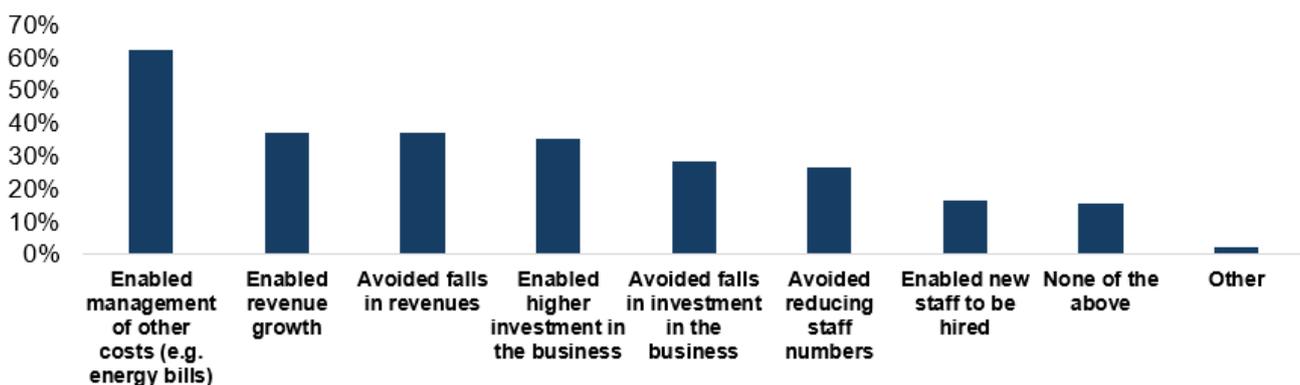


Sample size for this question is 423.

### Economic impact of reliefs

1.95 Of the businesses that report receiving NDR reliefs, respondents were asked what impacts they have experienced as a result. The highest reported impact was management of other costs (62%), revenue growth and avoided falls in revenue (both at 37%), and increased investment in the business (35%). This is shown in Figure 11.

Figure 11. Percentage of businesses reporting impacts from NDR reliefs

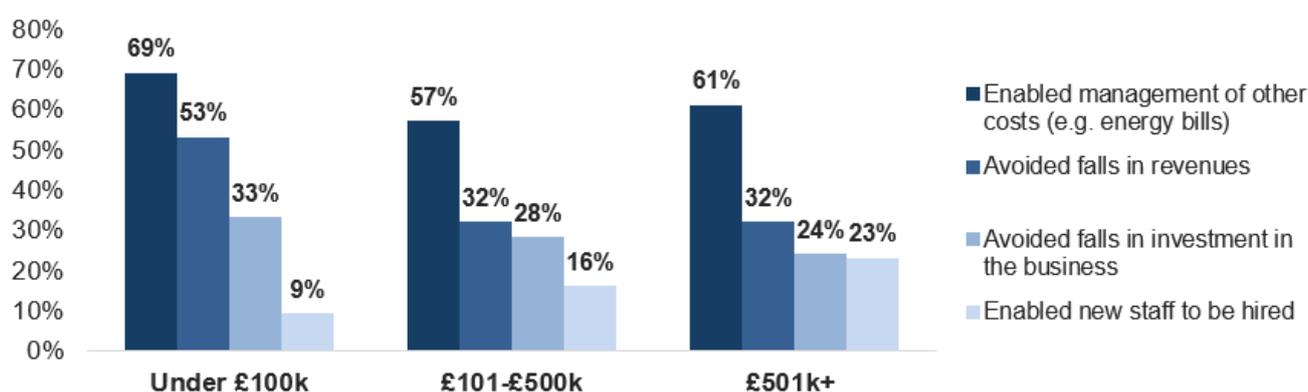


Sample size for this question is 201.

1.96 Impacts from NDR reliefs are realised differently depending on the size of the business. For instance, impacts related to the management of costs or avoided negative impacts mostly related to small businesses. As shown in Figure 12,

smaller businesses (under £100k turnover) report a higher percentage of cost management impacts and a lower percentage of revenue growth and investment impacts than larger businesses (over £501k turnover), such as avoided falls in revenue (53% vs 32% respectively) and avoided falls in investment (33% vs 24% respectively). Cost management is relatively high across all levels of turnover but is the highest for businesses with turnover under £100k (69%). In comparison, the impact related to business investment or growth, enabling new staff to be hired, is higher in the over £501k turnover category (23%) compared to under £100k (9%). This suggests that impacts from reliefs for small businesses allow for mitigation of risks compared to larger businesses, where reliefs allow them to invest further.

Figure 12. Percentage of businesses reporting impacts from NDR reliefs by turnover

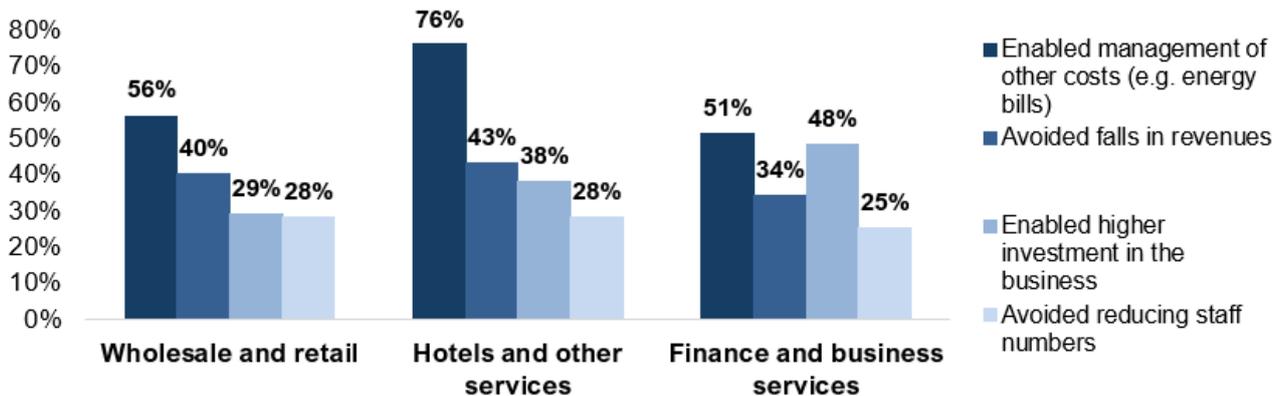


Sample size across all impact categories for under £100k turnover is 96. Sample size for £101k to £500k turnover is 109, and the sample size for £501k+ is 60. Note that the “don't know” option for turnover was not included due to a small sample size. In addition, only businesses that report receiving NDR reliefs answer this question, and therefore, the sample size is smaller compared to other survey questions.

1.97 Impacts from NDR reliefs are also realised differently depending on the type of the business. This is shown in Figure 13, where the impact of avoiding falls in revenues is 40% and 43% for wholesale retail and hotel businesses, respectively, while 34% of finance businesses report this impact. Comparatively, the impact of enabling higher investment is 29% and 38% for wholesale and retail, and hotels and other services, respectively, compared to 48% for finance and business services businesses. Similar to small businesses, this indicates that businesses that have more targeted relief needs (including some which may be eligible for RLHRR) are

more likely to use reliefs to avoid or manage costs compared to less targeted relief businesses that report being able to invest and grow.

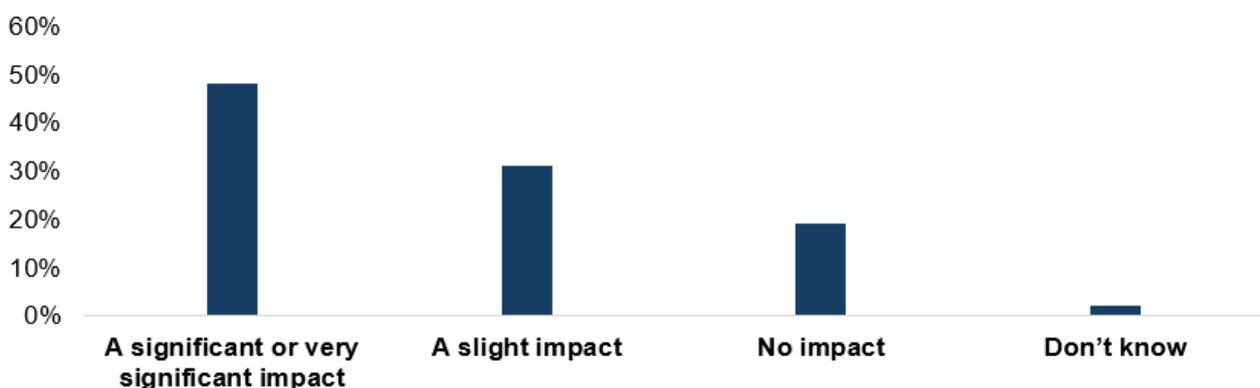
Figure 13. Percentage of businesses reporting impacts from NDR reliefs by activity type



Sample size across all impact categories for wholesale and retail businesses is 91. For hotels and other services, the sample size is 133. For finance and business services, the sample size is 46. Note that construction and transport, manufacturing, and agriculture are not included due to small sample sizes. In addition, only businesses that report receiving NDR reliefs answer this question, and therefore, the sample size is smaller compared to other survey questions.

1.98 Businesses were also asked to assess the impact of receiving NDR relief on their ability to operate over the next 12 months. Nearly half of businesses (48%) reported that receiving NDR reliefs has a significant or very significant impact on their ability to operate, as shown below in Figure 14.

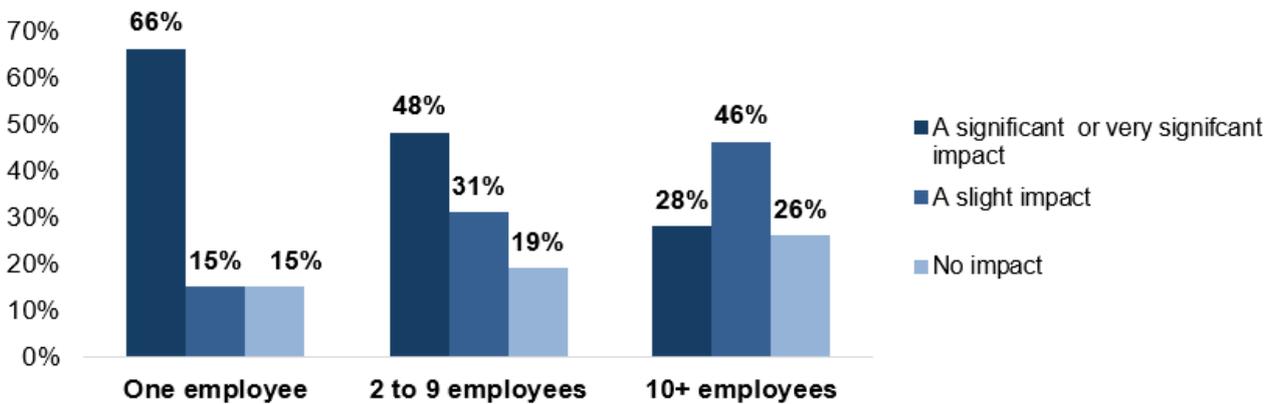
Figure 14. Percentage of businesses reporting the impact of NDR reliefs on their ability to operate over the next 12 months



Sample size of businesses reporting any impact is 201.

1.99 Similar to previous findings, NDR reliefs have greater impacts on small businesses and businesses of certain types. As shown in Figure 15, for businesses with a small number of employees, 66% of one-employee businesses and 48% of two-to-nine-employee businesses report that NDR reliefs have a significant or very significant impact on their ability to operate, while 10+ employee businesses only report 28%.

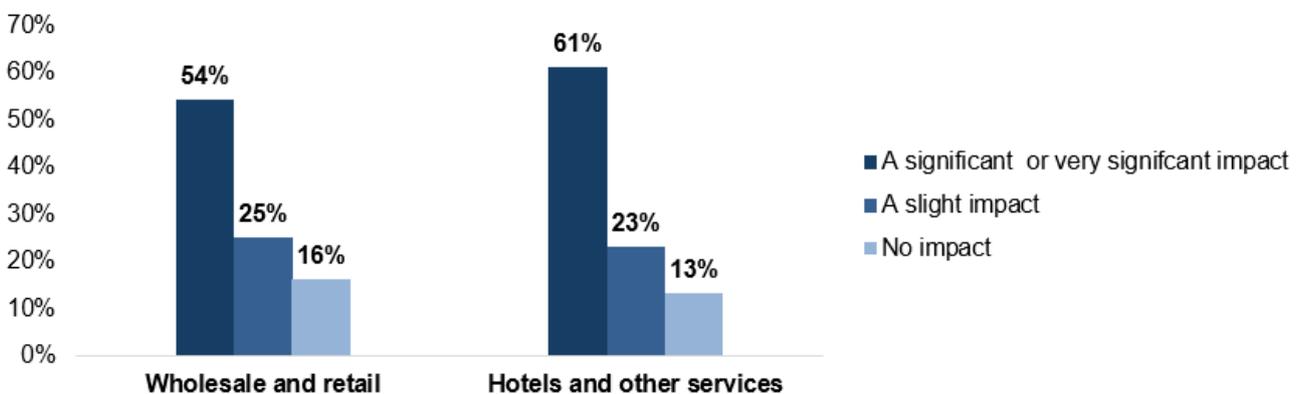
Figure 15. Percentage of businesses by number of employees reporting impact of NDR reliefs on their ability to operate over the next 12 months



Sample size includes 31 one-employee businesses, 128 2-to-9 employee businesses, and 37 10+ employee businesses.

1.100 As shown in Figure 16, for businesses engaged in wholesale and retail or hotel and other services, 61% and 54% respectively report that reliefs will have an impact on their ability to operate over the next 12 months.

Figure 16. Percentage of businesses by activity type reporting impact of NDR reliefs on their ability to operate over the next 12 months



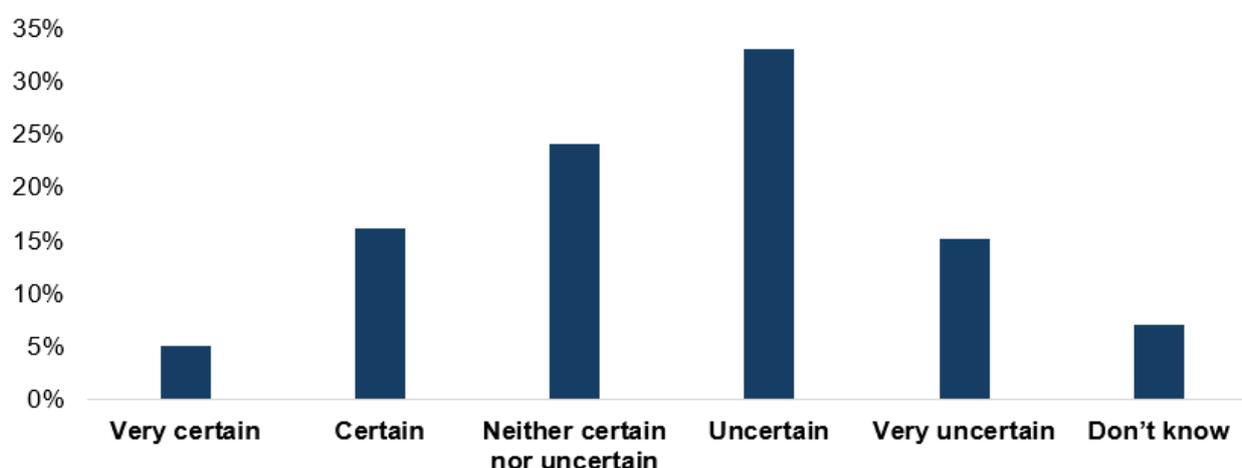
Sample size for wholesale and retail businesses is 56. The sample size for hotels and other services is 70.

1.101 Businesses were also asked how important they felt NDR reliefs were to helping small businesses in Wales generally, where 98% of businesses said important or very important. Finance and business services were excluded from the analysis here due to the low sample size.

### Certainty of reliefs

1.102 Businesses were also asked about how certain they feel about the future of receiving NDR reliefs. There was a large proportion of uncertainty among businesses, with 48% reporting they felt either uncertain or very uncertain, as shown below in Figure 17. This is reflected in the findings from engagement with ratepayers (as discussed later in Chapter 5). There was limited variation for this question between business size or type, though this is partly due to a small sample size across cross-tabulations for this question.

Figure 17. Percentage of businesses reporting certainty over future rates of NDR reliefs they are likely to receive

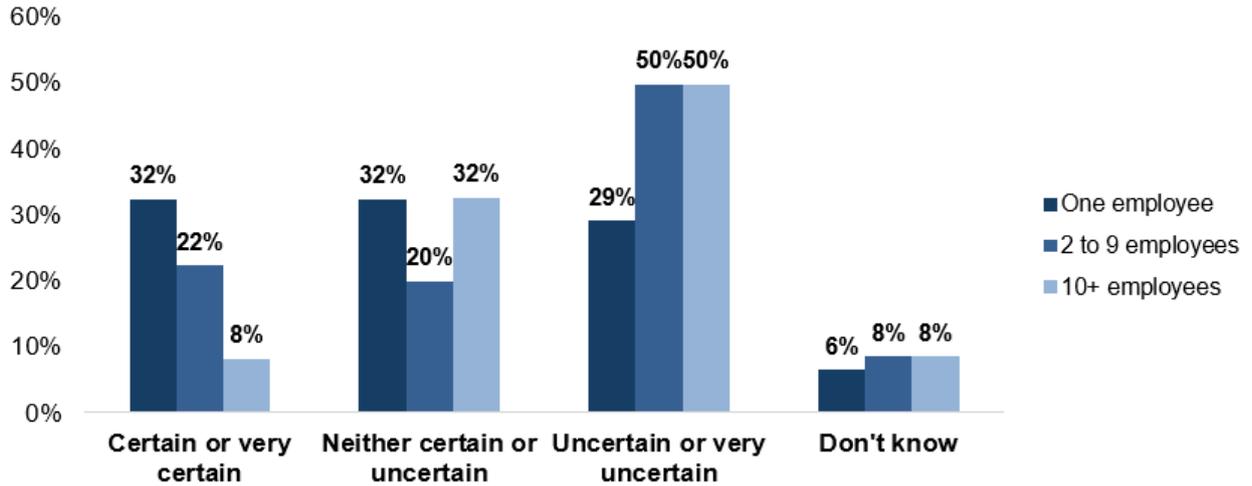


Sample size of businesses reporting any impact is 201.

1.103 Figure 18 shows the spread of NDR relief certainty by employee size, indicating that businesses with more than two employees are more likely to be uncertain regarding NDR reliefs, with 50% of two-to-nine-employee businesses and businesses with

over 10 employees reporting uncertainty regarding future rates of NDR reliefs they will receive.

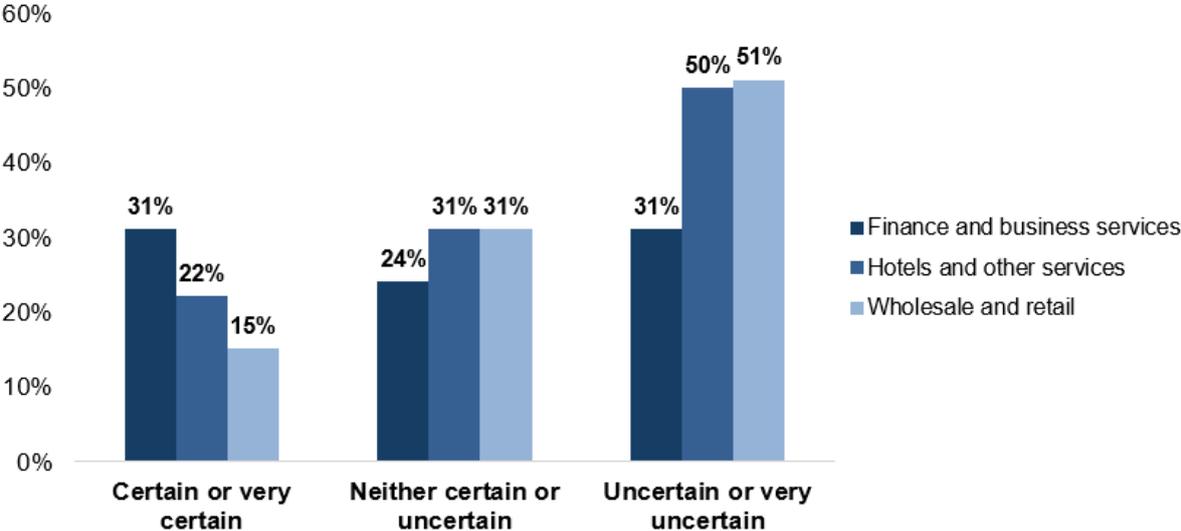
Figure 18. Percentage of businesses by number of employees reporting certainty over future rates of NDR reliefs they are likely to receive



Sample size includes 31 one-employee businesses, 131 2-to-9 employee businesses, and 37 10+ employee businesses.

1.104 Types of businesses, which include some that may be eligible for RLHRR, are also likely to be quite uncertain over future NDR values, with 50% of hotels and other services and 51% of wholesale and retail businesses reporting uncertainty, as demonstrated in Figure 19.

Figure 19. Percentage of businesses by business activity reporting certainty over future rates of NDR reliefs they are likely to receive



Sample size includes 29 finance and business services businesses, 72 hotels and other services businesses, and 59 wholesale and retail businesses.

## Summary of interview and focus group findings

- Businesses felt very unaware of the reliefs currently on offer and suggested local authorities do not provide sufficient information.
- There were mixed levels of understanding of eligibility criteria for reliefs.
- The application process for reliefs was said to be confusing and frustrating as well as being subject to lengthy delays.
- Businesses described substantial uncertainty with fear that reliefs might be reduced or removed soon. This has a negative impact on future planning.
- Reliefs were described as a “lifeline” for businesses and keep many alive. However, they were also seen as insufficient in addressing the full extent of the support needed.

## Engagement with ratepayers and representative bodies

- 1.105 Upon completion of Strand 2 and alongside the survey, we engaged a total of 10 businesses and two representative bodies through one focus group, six interviews, and two email responses. Businesses were based in eight local authorities in North, South, and West Wales. The majority of businesses represented retail, leisure, and hospitality sectors, but there was also representation of wholesale and charities (by a couple of businesses). All participants were offered the option of engaging in Welsh or English, with all choosing English.
- 1.106 Businesses were recruited through an online sign-up form that was distributed via (i) two representative bodies sharing an advert through their channels, (ii) local authorities sharing an advert through their newsletters, social media, and mailing lists, (iii) directly emailing businesses using publicly available contact details (e.g., through online directories), and (iv) snowballing of contacts. Despite this, recruitment proved challenging. Reasons for this include the time commitment required from typically very busy businesses, a lack of awareness of receiving reliefs, so feeling that the review is irrelevant to them, and possibly the theoretical nature of the work.

- 1.107 The purpose of our engagement with businesses was to understand ratepayers and representative bodies' perceptions of NDR reliefs. This included topics such as (i) the extent of financial support available, (ii) awareness of reliefs, (iii) understanding of eligibility criteria (including application processes), (iv) satisfaction with the process of receiving reliefs, and (v) the link between the tax burden and the goods and services NDR revenue subsequently funds. The topic guides used to engage businesses can be found in Annex D; two scoping interviews for representative bodies informed these. The topic guide for the scoping interviews can also be found in Annex D.
- 1.108 To analyse the findings, members of the research team conducted thematic analysis on notes, transcripts, and email responses to draw out patterns and perspectives emerging from the ratepayer engagement. Thematic analysis is a widely used approach for identifying, analysing, and reporting themes within data. It allowed for a nuanced and detailed interpretation of ratepayers' and representative bodies' perspectives and experiences.

### Perceptions on the current extent of financial support

- 1.109 Both businesses and representative bodies agreed that NDR reliefs are useful but that their existence indicates inefficacy in the NDR system; one participant described reliefs as a "cheap sticking plaster". All participants argued that the current system of reliefs is complex and often confusing for businesses. Representative bodies suggested moving away from reliefs and reworking the NDR system instead, so that reliefs are not needed.
- 1.110 When asked about the most and least helpful reliefs currently on offer, participants noted that Small Business Rates Relief is particularly helpful. A few participants said that Empty Property Rates Relief is not always helpful, as it can incentivise business owners to keep their properties empty for longer.

## Awareness of NDR reliefs

- 1.111 Overall, businesses felt very unaware of the NDR reliefs on offer, with most being aware only of RLHRR and Small Business Rates Relief, which chimes with findings from the Beaufort survey. Sources for information included word-of-mouth among businesses, forums, and Business Wales. The majority of businesses felt that their local authority does not currently provide sufficient information and that there is no proactive outreach to businesses. One participant said it feels like a “potluck” whether you “stumble” upon useful information or a point of contact.
- 1.112 In order to improve awareness, participants suggested including more information about reliefs on NDR bills, appointing a liaison officer within each local authority, and reaching out through local groups and community leaders.

## Understanding of NDR relief eligibility criteria

- 1.113 There were mixed levels of understanding around eligibility criteria for reliefs. Of those businesses that had understanding, they typically described having to find information themselves rather than their local authority communicating this with them. Only a couple of participants said that their local authorities had effectively communicated eligibility criteria to them.
- 1.114 Another challenge identified was the struggle of small and micro businesses to understand eligibility criteria. One participant said that larger businesses typically have better awareness and resources for financial and accountancy advice – a finding reflected within Strand 2.

## Satisfaction with the process of receiving reliefs

- 1.115 Overall, ratepayers felt that the initial application process (and any subsequent applications for non-automatic reliefs) is currently vague, slow, and frustrating. Application forms were also described as typically being designed for larger businesses, meaning that small and micro businesses can often find them confusing and with irrelevant questions.

- 1.116 Some self-catering holiday let businesses experienced difficulties with initially moving onto NDR (and therefore had to continue paying council tax and premiums), and then later difficulties with applying for reliefs. These delays were said to come from backlogs with VOA valuations.
- 1.117 In general, there is substantial uncertainty among ratepayers around NDR and reliefs, as reflected in the above survey findings. There was concern among ratepayers that the reliefs they receive may be reduced or removed in the near future. Lack of certainty was said to have a substantial effect on future planning. Businesses described limiting investment and cutting costs in their businesses where they felt their NDR bill may increase in the near future.

### Impacts of receiving NDR reliefs

- 1.118 Overall, NDR reliefs have had a significant positive impact on the businesses we engaged. They described reliefs as a “lifeline” helping businesses survive and stay on the high street. Specific areas where reliefs had been used included staff wages, new equipment, energy efficiency measures, rent, and taking on new staff.
- 1.119 A number of businesses caveated, however, that while hugely appreciated, NDR reliefs are a “drop in the ocean” of the support needed for businesses. A charity also described the negative impacts that a reduction in NDR relief can have, especially on not-for-profit businesses that have fewer savings and less of a safety net compared to other business types.

### The link between NDR revenue and goods and services subsequently funded

- 1.120 Ratepayers are typically unaware of which goods and services NDR revenue funds. They described receiving no communication about this from their local authority. All businesses welcomed transparency on this. A few businesses also mentioned being surprised that they still need to pay for commercial waste disposal, despite paying NDR. This led to suggestions that NDR revenue should be ringfenced for the local area and for business improvement.
- 1.121 Overall, both ratepayers and representative bodies felt that regardless of where NDR revenue is spent, it is important to build trust and improve relationships

between businesses and local authorities. One representative body stressed that businesses and local authorities should collaborate more effectively for economic and social benefit.

## Conclusions

- 1.122 Based on the combination of insights across all three strands of research, our review of NDR reliefs in Wales found that four principles will be integral to future evaluation of NDR reliefs: simplicity and compliance, certainty, revenue sufficiency, and economic efficiency.
- 1.123 This means that NDR reliefs should be easy to understand and access for ratepayers and have low administration costs for local authorities. They should also encourage compliance by reaching their intended beneficiaries and preventing misuse of the system, which can be achieved through simplicity. Businesses should also be able to rely on the future of NDR reliefs, allowing them to effectively plan and budget for future liabilities. This includes having a clear timeframe and monetary value for the relief. In addition, NDR reliefs should only be offered if the government has sufficient revenue to afford the relief, to ensure revenue sufficiency. Finally, in order to be economically efficient, NDR reliefs should minimise the market distortion created by NDR, avoid introducing new distortions, and maximise the intended positive outcomes of the relief.
- 1.124 **Simplicity and compliance.** Across all three strands, there was agreement that simplicity and compliance is an important principle for assessing NDR reliefs. Tax experts noted that simplicity can be considered in terms of individual reliefs as well as the system of reliefs as a whole. This principle was particularly important to local authority representatives, ratepayers, and representative bodies, who all called for simple reliefs that ratepayers are aware of and can fully understand.
- 1.125 **Certainty.** Across all three strands, there was agreement that certainty is an important principle for assessing NDR reliefs. Tax experts, local authority representatives, ratepayers, and representative bodies all agreed that certainty around reliefs is essential for businesses' future planning, both in terms of clear timeframes and monetary values.

- 1.126 **Revenue sufficiency.** Across Strands 1 and 2, there was agreement that revenue sufficiency is an important principle for assessing NDR reliefs. Tax experts noted that other considerations around revenue sufficiency include administrative costs and short-term versus long-term costs and benefits of reliefs. Local authorities agreed with this principle, given the role of NDR in funding local services. This principle was less directly pertinent to ratepayers themselves.
- 1.127 **Economic efficiency.** Across Strands 1 and 2, there was agreement among tax experts and local authority representatives that economic efficiency is an important principle for assessing NDR reliefs. However, as noted in Strand 1, uncertainty around tax incidence (i.e., who ultimately bears the burden of the tax between the property owner and the property occupier) affects the ability to evaluate the economic efficiency of some of the reliefs in scope. This principle was less directly pertinent to ratepayers themselves.

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## Annex A

### Tax expert interview questions

1. To get started, could you describe in just a few words your role and day-to-day activities within [insert relevant organisation], and how this relates to non-domestic rates policy?

Through a literature review we have identified several principles which we would value your feedback on to assess NDR reliefs. Please let me know if you prefer to skip any of the following questions as we don't expect all interviewees to have expertise in each of the principles.

2. The first principle we identified is 'simplicity', we will assess this principle based on the extent to which a relief is simple to understand and administer. For example, an NDR relief will score more highly against this principle if it is applied automatically.
  - a. Does this interpretation echo your own understanding of this principle?
  - b. Do you agree with our use of simplicity to assess NDR reliefs?
  - c. Are there other ways in which we should assess this principle?
3. The second principle we identified is 'certainty', we will assess this principle based on the extent to which a relief ensures taxpayers clearly understand how much tax they owe and when it is due.
  - a. Does this interpretation echo your own understanding of this principle?
  - b. Do you agree with our use of certainty to assess NDR reliefs?
  - c. Are there other ways in which we should assess this principle?
4. The third principle we identified is 'revenue sufficiency', we will assess this principle based on the extent to which there is balance in providing the relief with ensuring that the government can still generate sufficient income. We planned to assess this principle by calculating the proportion of the relief over the total NDR revenue collected.
  - a. Does this interpretation echo your own understanding of this principle?

- b. Do you agree with our use of revenue sufficiency to assess NDR reliefs?
  - c. Are there other ways in which we should assess this principle? If yes, what measures/data should we use?
- 5. The fourth principle we identified is 'economic efficiency'. Efficiency refers to the fact that (i) tax reliefs should encourage economic activity and (ii) avoid market distortions, for example preventing changes in behaviour that reduce overall economic output.
  - a. Does this interpretation echo your own understanding of this principle?
  - b. Do you agree with our use of efficiency to assess NDR reliefs?
  - c. Are there other ways in which we should assess this principle?
- 6. The fifth principle we identified is 'compliance and administration', we will assess this principle based on the extent to which a relief is designed to avoid abuse of the reliefs system and ensure the intended beneficiaries are reached.
  - a. Does this interpretation echo your own understanding of this principle?
  - b. Do you agree with our use of compliance and administration to assess NDR reliefs?
  - c. Are there other ways in which we should assess this principle?
- 7. Have you come across additional principles that you think we should use to evaluate NDR reliefs?
  - a. Would you replace any of the principles previously discussed with these additional principles to evaluate NDR reliefs?
- 8. Are there any other comments regarding tax reliefs and principles that you would like to discuss before we finish the interview?

## Annex B

### Local authority scoping interview questions

1. To get started, could you please tell me what your job title is and how this relates to the administration of NDR reliefs?

The reliefs that we will be assessing within our review, and are therefore in scope for today's interview, are:

- Small Business Rates Relief
- Charitable Rates Relief
- Empty Property Rates Relief
- Improvement Relief
- Heat Networks Relief
- Retail, Leisure and Hospitality Rates Relief
- Transitional Relief

In our workshop, we are planning to discuss:

- Principles that might guide our evaluation of reliefs: simplicity and compliance, certainty, revenue sufficiency, and economic efficiency) – definitions will be explained within the workshop and local authorities will be able to comment on their relevance and importance.
- The level of awareness and understanding of NDR reliefs among local businesses.
- The extent to which assessing the eligibility of reliefs is a challenge and which reliefs are simplest or most challenging to assess.
- The most resource-intensive aspects of administering NDR reliefs and which reliefs are the most and least resource-intensive to administer.
- Overall strengths and challenges with administering NDR reliefs.
- Complexities and interactions between different relief schemes.

2. Will these topics capture all the positives and negatives of NDR relief administration that local authorities might want to discuss?
3. Are there any reliefs that attendees might focus too much or too little on?
  - a. Context: It has been suggested that the Retail, Leisure and Hospitality Rates Relief may be raised frequently as it is complex to administer.
4. Are there any potentially contentious issues we need to be aware of?
5. We plan to engage Heads of Revenues and Benefits or equivalent roles. Do these topics make sense for these individuals to discuss in detail?
  - a. Are there other local authority officials we should consider inviting alongside Heads of Revenues and Benefits?
6. Are there any other relevant topics that you would like to discuss before we finish the interview?

### **Local authority workshop questions**

1. To get started, could everybody tell us their local authority area, job role, and how this relates to NDR reliefs' administration?

The reliefs that we will be assessing within our review, and are therefore in scope for today's workshop, are:

- Small Business Rates Relief
- Charitable Rates Relief
- Empty Property Rates Relief
- Improvement Relief
- Heat Networks Relief
- Retail, Leisure and Hospitality Rates Relief
- Transitional Relief

Before discussing administration of NDR reliefs, we'd like to have a short discussion on the principles that we'll use to assess the NDR reliefs. These principles have been developed

based on a literature review and interviews with tax experts. Tax relief principles will guide future changes to reliefs, so it is important for us to get your feedback on these.

The current principles we propose are:

- Simplicity and compliance – Reliefs being simple to understand and access for ratepayers and having low administration costs for local authorities. Simple reliefs tend to create fewer opportunities to make mistakes and hence have higher compliance.
  - Certainty – The degree to which businesses can rely on the future of a relief, allowing them to effectively plan and budget for future finances.
  - Revenue sufficiency – Tax systems must generate sufficient revenues to support government spending. Tax reliefs represent a foregone tax that should only be offered if the government can afford to do so.
  - Economic efficiency – Reliefs should reduce the distortion of the tax, avoid introducing new distortions, and maximise intended externalities of the relief.
2. Does anybody have thoughts on this set of principles to be used to assess NDR reliefs?
- a. Do you agree with these definitions?
  - b. Are any of these principles more relevant to your work than others?
  - c. Are there any additional principles that you would suggest?

When answering the following questions, please keep in mind that we are interested in similarities and differences in approaches across local authorities, so feel free to comment and build on other participants' answers within your own.

3. Do you feel that there is good awareness and understanding of NDR reliefs amongst businesses within your local authority?
- a. Where can businesses within your local authority find relevant information?
  - b. How often do you get questions from businesses about NDR reliefs?

- i. Which reliefs are the questions most commonly about?
4. To what extent is assessing the eligibility of reliefs a challenge?
  - a. What are your processes for assessing eligibility for reliefs?
    - i. Do you have the information required to assess eligibility effectively (e.g. legislation and guidance)?
  - b. Which relief(s) is most straightforward to assess eligibility for? Why?
  - c. Which relief(s) is most difficult to assess eligibility for? Why?
  - d. What are the main challenges regarding evaluating the credibility of information provided within applications?
    - i. How often is information provided incorrectly (either by mistake or intentionally)?
5. What are the most resource-intensive aspects of administering NDR reliefs?
  - a. Which relief(s) is most resource-intensive? Why?
  - b. Which relief(s) is least resource-intensive? Why?
  - c. Would it be possible to estimate the cost of administering each relief?
6. Are there any complexities and interactions between different relief schemes?
  - a. What is the process applied when ratepayers are eligible for multiple reliefs?
7. Considering all the aspects of administration we have just discussed, what are currently the main strengths and challenges with administering NDR reliefs?
  - a. How much judgement and discretion is typically required?
  - b. Overall, which relief(s) is least challenging to administer? Why?
  - c. Overall, which relief(s) is most challenging to administer? Why?
  - d. Are there lessons learned from these challenges to take forward?
8. Are there any other relevant topics that you would like to discuss before we finish the workshop?



## Annex C

### Ratepayer survey questions

1. Does your business operate from owned or rented business premises? That is, do you have a fixed location that you run your business from, whether that's owned by you or rented from a landlord? If you use your own home as the base for your business, or you run a mobile operation where you travel around and see customers in their own homes, this would not count as having business premises.
  - a. Yes – Owned business premises [continue]
  - b. Yes – Rented business premises [continue]
  - c. No – Don't have premises [go to next section]
  
2. If your business were to receive an additional tax relief of £1,000 as a total for the whole business, what would you prefer this to be relief against?

Read out. Single code. [order randomised]

- a. Corporation tax
- b. Income tax
- c. Employer National Insurance
- d. Non-Domestic Rates
- e. No preference
- f. Don't know

The next questions are about business rates, or Non-Domestic Rates (NDR). These are property taxes that help pay for local services and are charged on most non-domestic properties. They are paid to the local Council.

3. Please consider the following list of NDR reliefs, which ones do you know your business is currently receiving?

Read out and select all that apply [order randomised]

- a. Retail, Leisure and Hospitality Rates Relief

- b. Small Business Rate Relief
- c. Charitable Rates Relief
- d. Empty Property Rate Relief
- e. Transitional Relief
- f. Improvement Relief
- g. Heat Networks Relief
- h. Don't know [go to Q9]
- i. Business doesn't receive NDR reliefs

For Q4 only, ask if 2 or more selected at Q3

4. What was the most significant NDR relief (in terms of amount) that you received out of the following list?

Read out [List to contain those selected at Q3]. Single code

- a. Retail, Leisure and Hospitality Rates Relief
- b. Small Business Rate Relief
- c. Charitable Rates Relief
- d. Empty Property Rate Relief
- e. Transitional Relief
- f. Improvement Relief
- g. Heat Networks Relief
- h. Don't know

5. Which of the following impacts has [Insert relief selected at Q3 (if only one) or Q4] enabled?

Yes/ no/ don't know to teach

- a. Enabled revenue growth

- b. Enabled higher investment in the business
  - c. Enabled new staff to be hired
  - d. Enabled management of other costs (e.g. energy bills)
  - e. Avoided falls in revenues
  - f. Avoided falls in investment in the business
  - g. Avoided reducing staff numbers
  - h. Other [open text]
6. Has receiving NDR reliefs enabled your business to own or rent more property than without the reliefs (e.g. having more sites, having larger premises, or avoiding reductions in the amount of property your business owns or rents)?
- a. Yes
  - b. No
  - c. Don't know
7. How much impact will receiving NDR reliefs in general have on your ability to continue trade over the next 12 months? Will it have...?

Read out

- a. A very significant impact
  - b. A significant impact
  - c. A slight impact
  - d. No impact
  - e. Don't know
8. How certain do you feel about future rates of NDR relief that you will receive?

Read out

- a. Very certain
- b. Certain

- c. Neither certain nor uncertain
- d. Uncertain
- e. Very uncertain
- f. Don't know

9. How important would you say NDR reliefs are to helping small businesses in Wales generally?

Read out

- a. Very important
- b. Important
- c. Neither important nor unimportant
- d. Unimportant
- e. Very unimportant
- f. Don't know

## Annex D

### **Representative body scoping interview questions**

1. To get started, could you please tell me what your job title is and how your work relates to NDR reliefs?

The reliefs that we will be assessing within our review, and are therefore in scope for today's interview, and the focus groups to come, are:

- Small Business Rates Relief (automatically applied)
- Charitable Rates Relief (automatically applied)
- Empty Property Rates Relief (automatically applied once local authority is notified the property is empty)
- Improvement Relief (automatically applied once conditions met)
- Heat Networks Relief (application required)
- Retail, Leisure and Hospitality Rates Relief (application required)
- Transitional Relief (automatically applied)

In our focus group, we are planning to discuss:

- How ratepayers feel about the current extent of financial support available through NDR reliefs, including the reliefs which are most and least helpful.
  - Ratepayer awareness of the in-scope NDR reliefs.
  - Experiences of the application process.
  - Whether ratepayers feel they have certainty around how much they will pay and when each year.
  - The impacts of receiving NDR reliefs on their business.
  - Whether ratepayers feel that they know how the revenue raised by NDR is spent.
2. Will these topics capture all the positives and negatives of NDR reliefs that ratepayers might want to discuss?

3. Are there any reliefs that attendees might focus too much or too little on?
4. Are there any potentially contentious issues we need to be aware of?
5. We plan to engage with ratepayers from across Wales from a variety of business sectors. Do these topics make sense for these individuals to discuss in detail?
  - a. Are there any other topics which we have not listed but would complement our review of NDR reliefs?
6. Are there any other relevant topics that you would like to discuss before we finish the interview?

### **Representative body interview questions**

1. To get started, could you please tell me what your job title is and how your work relates to NDR reliefs?

The reliefs that we will be assessing within our review, and are therefore in scope for today's interview, are:

- Small Business Rates Relief (automatically applied)
- Charitable Rates Relief (automatically applied)
- Empty Property Rates Relief (automatically applied once local authority is notified the property is empty)
- Improvement Relief (automatically applied once conditions met)
- Heat Networks Relief (application required)
- Retail, Leisure and Hospitality Rates Relief (application required)
- Transitional Relief (automatically applied)

As noted next to each relief, some of the reliefs are automatically applied if a business is eligible whereas others require a business to submit an application.

2. How do you feel about the current extent of financial support available through NDR reliefs?

- a. Which relief schemes do you think are most helpful for businesses in general?
  - b. Which relief schemes do you think are least helpful for businesses in general?
  - c. Are there any additional business sectors you feel should be supported?
3. Of the reliefs we're discussing today, which do you feel businesses are most commonly aware of?
  - a. How do levels of awareness vary between different business sectors, sizes, or regions?
  - b. How do businesses typically become aware of these reliefs (e.g. local authority communications, the Business Wales website, information provided by representative bodies, social media/forums, word-of-mouth)?
  - c. Do you feel that more could be done to increase awareness of reliefs among businesses? If yes, how?
4. Do you feel that businesses have a good understanding of which reliefs they qualify for and which they don't?
  - a. Do you know where can businesses find information on eligibility criteria?
  - b. Are businesses typically aware of eligibility criteria for automatic reliefs, or only those they need to apply for?
  - c. How do levels of understanding vary between different business sectors, sizes, or regions?
5. In general, do you feel businesses are satisfied with the process of receiving NDR reliefs?
  - a. How do levels of satisfaction vary between different business sectors, sizes, or regions?
  - b. For those that require application, how do businesses typically find the application process?
  - c. Do you feel that businesses have certainty each year about (i) how much they will pay and (ii) when they need to pay it?

- i. If no, how does this have an impact on future planning for businesses?
    - d. Do you have a sense of businesses' satisfaction with local authority communications and responsiveness when it comes to administering reliefs?
6. What impact does receiving NDR reliefs have on businesses?
  - a. How does type or level of impact vary between different business sectors, sizes, or regions?
7. Are businesses typically made aware of which services in their local area are being funded by revenue from NDRs?
  - a. If yes, do you get the sense that businesses agree with this use of revenue from NDRs?
  - b. If no, to what extent is this something you think businesses would like to have more knowledge of (e.g. local authorities advertising this)?
8. Are there any other relevant topics that you would like to discuss before we finish the interview?

### **Ratepayer interview and focus group questions**

1. To get started, could everybody tell us their name, local authority area, and business sector?

The reliefs that we will be assessing within our review, and are therefore in scope for today's focus group/interview, are:

- Small Business Rates Relief (automatically applied)
- Charitable Rates Relief (automatically applied)
- Empty Property Rates Relief (automatically applied once local authority is notified the property is empty)
- Improvement Relief (automatically applied once conditions met)
- Heat Networks Relief (application required)
- Retail, Leisure and Hospitality Rates Relief (application required)

- Transitional Relief (automatically applied)

As noted next to each relief, some of the reliefs are automatically applied if a business is eligible whereas others require a business to submit an application.

2. How do you feel about the current extent of financial support available through NDR reliefs?
  - a. Which relief schemes do you think are most helpful for businesses in general?
  - b. Which relief schemes do you think are least helpful for businesses in general?
  - c. Are there any additional business sectors you feel should be supported?
3. Of the reliefs we're discussing today, which were you already aware of?
  - a. How did you become aware of these reliefs (e.g. local authority communications, the Business Wales website, information provided by representative bodies, social media/forums, word-of-mouth)?
  - b. Do you feel that more could be done to increase awareness of reliefs among businesses? If yes, how?
4. Do you feel you have good understanding of which reliefs you qualify for and which you don't?
  - a. Where do you find information on eligibility criteria?
  - b. Are you aware of eligibility criteria for automatic reliefs, or only those you need to apply for?
5. In general, are you satisfied with the process of receiving NDR reliefs?
  - a. For those that require application, how do you find the application process?
  - b. Do you have certainty each year about (i) how much you will pay and (ii) when you need to pay it?
    - i. If no, how does this have an impact on future planning for your business?

- c. How do you find your local authority's communication and responsiveness when it comes to administering reliefs?
  - i. Are you aware of the right point of contact for queries about NDR reliefs?
  
- 6. What impact does receiving NDR reliefs have on your business?
  - a. How much more would your business be expected to pay in NDRs without reliefs? [Note for facilitator: exact figures not required, qualitative estimates are fine]
  
- 7. Are you aware of which services in your local area are being funded by revenue from NDRs?
  - a. If yes, to what extent do you agree with this use of revenue from NDRs?
  - b. If no, to what extent is this something you'd like to have more knowledge of (e.g. local authorities advertising this)?
  
- 8. Are there any other relevant topics that you would like to discuss before we finish the focus group?