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| WRITTEN STATEMENTBYTHE WELSH GOVERNMENT |

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| **TITLE** | **Non-domestic rates support for 2024-25** |
| **DATE** | **19 December 2023** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Local Government** |

I am today announcing the Welsh Government will be providing an additional package of non-domestic rates support in the 2024-25 financial year.

We recognise businesses and other ratepayers are continuing to experience pressures in the current economic climate, especially from persistently high inflation rates and from the successive interest rate rises introduced by the Bank of England this year to bring inflation down.

The same pressures are also being felt by the public services we all rely on, which are themselves reliant on the revenue raised through local taxes, including non-domestic rates.

We have taken the decision to cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost to the Welsh budget of £18m. This is lower than the 6.7% increase that would otherwise apply from the default inflation of the multiplier in line with CPI and will benefit all ratepayers who do not already receive full relief. This is the maximum level of support affordable using all of the consequential funding which came to Wales as a result of decisions announced relating to the multiplier in the UK Government’s Autumn Statement.

Almost half of ratepayers, including thousands of small businesses across Wales, will not be affected by an increase in the multiplier, as our generous system of full reliefs mean they do not pay rates at all.

A debate on the regulations to set the multiplier will be scheduled in the New Year. Subject to approval of the regulations, the provisional multiplier for 2024‑25 is 0.562.

We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. This builds on the almost £1bn of support provided through our retail, leisure and hospitality rates relief schemes since 2020-21.

Eligible ratepayers will receive 40% non-domestic rates relief for the duration of 2024-25. As in previous years, the relief will be capped at £110,000 per business across Wales. This temporary relief was never intended to continue indefinitely and our move to more frequent revaluations will ensure that non‑domestic rates bills better reflect up-to-date market conditions for all sectors of the tax-base.

In addition, and reflecting this transition, we plan on developing a new £20m “Future Proofing Fund” early in 2024-25. This capital fund will provide support for businesses investing in their business and properties.

We will continue to support ratepayers with increased liabilities following the 2023 non-domestic rates revaluation. Our transitional relief scheme continues to phase in changes for eligible ratepayers at a cost of £38m in 2024‑25.

From 2024-25, the non-domestic rates system will also include new measures to support ratepayers investing in property improvements and renewable energy.

In total, these measures will provide £134m of additional support for 2024-25. Combined with our fully-funded permanent relief schemes, which are worth £250m to businesses and other ratepayers every year, £384m will be spent in 2024-25 on non-domestic rates support.

Every ratepayer will benefit from this package.

The draft Budget for 2024-25 has been developed in the context of the toughest financial situation we have faced since devolution and a settlement which is not sufficient to respond to all the pressures our budget, Welsh public services, businesses and people are facing. We have had to make some very difficult decisions to refocus funding towards core, frontline public services.

Our non‑domestic rates package demonstrates the Welsh Government’s continued commitment to supporting businesses to recover from the impacts of ongoing economic challenges and to thrive moving forward.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.