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## **WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT**

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**Title: Non-Domestic Rates Help for Welsh Business**

**Date: 1 April 2009**

**By: Brian Gibbons, Minister for Social Justice and Local  
Government**

I am pleased to announce that the Welsh Assembly Government intends to implement measures to help Welsh businesses with their rates bills. The action I propose is in line with that announced by the Chancellor of the Exchequer in respect of England, yesterday.

Under the current arrangements non-domestic rate bills for 2009-10 are set to increase by 5%. This is in accordance with the statutory provision in the Local Government Finance Act 1988 that the business rates “multiplier” – which determines the level of annual increase - should not rise by more than the retail price index (RPI) for the September preceding the rating year.

Since last September there has been a very rapid reduction in the RPI and I propose to bring forward regulations under the 1988 Act that will allow Welsh businesses, if they wish, to pay an annual increase of only 2% in 2009-10 with the remaining 3% spread over the following 2 years, 2010-11 and 2011-12. We will be discussing the details of the revised arrangements with the Treasury; the Welsh Local Government Association and Welsh Business. I propose to have the regulations needed to implement these changes in place in July.

This is a very welcome development. The Assembly Government made representations to the U.K. Government over the increase in the multiplier late last year, in the context of the discussions we have been having with Welsh business and other partners over combating the effect of the recession at our Economic Summit meetings.

As I have made clear on numerous occasions non-domestic rating functions are not fully devolved and the Assembly Government would have had to bear the cost of any unilateral action it took to reduce the multiplier increase. Every 1% reduction in the level of increase would represent a cost of around £8m in forgone revenue to the U.K. Government Exchequer. Yesterday's announcement by the Chancellor in respect of England means that this will no longer be the case. The U.K. Government will meet the cost of the deferment in non-domestic rate income arising from these changes.

The changes I am proposing will reduce the rates bill in 2009-10 for potentially around 100,000 businesses in Wales by some £24m overall. They come in addition to the £20m in rate relief we are already giving to small businesses in Wales and the temporary increases in rates relief on empty properties in 2009-10 that I have announced and which come into effect from today.

The additional costs to local government resulting from the changes will be met centrally. We will be discussing the issue of costs with Local Government as soon as possible.

The amount of overall support for local authorities' unhypothecated spending that the Assembly Government provides through Aggregate External Finance (which comprises revenue support grant and redistributable non-domestic rates) approved under the 2009-10 Local Government Revenue Settlement will remain unchanged.

The proposals will not require local authorities to re-bill businesses in their area as a result of these changes. Once the necessary regulations are in place billing authorities will write to all businesses in their area offering them the option to defer payments. Until then businesses will need to keep paying their business rates in the normal way.

My officials will be writing out to local authorities within the next few days providing them with more details of these changes.