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Small business rates relief survey analysis

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Glossary

Acronym/Key word	Definition
Small and Medium-sized Enterprises (SME)	In the UK, small and medium-sized enterprises (SMEs) are non-subsiary, independent firms, which employ fewer than 250 employees.
Non-Domestic rates (NDR) or business rates	Non-Domestic Rates (NDR) are also known as business rates and are taxes to help pay for local services. These are charges on most non-domestic properties.
Business rates relief (BRR) or rates relief	A reduction or exception applied to the Non-domestic rates or business rates.
Small business rates relief (SBRR)	<p>Non-domestic rates relief to eligible small businesses:</p> <ul style="list-style-type: none"> • eligible business premises with a rateable value of up to £6,000 will receive 100% relief; and • those with a rateable value between £6,001 and £12,000 will receive relief on a tapered basis from 100% to zero
High street rates relief scheme	Non-domestic rates relief scheme that will assist eligible retail businesses by offering up to £2,500 discount on the non-domestic rates bill per property, to retailers occupying premises with a rateable value of up to £50,000.
Transitional rates relief scheme	Non-domestic rates relief scheme that will assist business ratepayers whose entitlement to Small Business Rates Relief (SBRR) is reduced or removed as a result of increases in the rateable value of their property following the implementation of the new National Non-domestic rating list.

1. Background

- 1.1 Non-Domestic Rates (NDR, also known as business rates) are charges on non-domestic or business properties that help pay for local services. Companies that pay business rates may be eligible for small business rates relief (SBRR): eligible business premises with a rateable value of up to £6,000 will receive 100 percent relief; and those with a rateable value between £6,001 and £12,000 will receive relief on a tapered basis from 100 percent to zero percent.
- 1.2 The SBRR scheme is administered by local authorities and is automatically applied to the bills of eligible business rates payers. SBRR is applied by the 22 local authorities across Wales and is aimed at reducing the financial pressure on Welsh small and medium-sized enterprises (SME).

Recent legislative changes to small business rates relief

- 1.3 In order to ensure that the distribution of rates bills reflects changing property rental values over time, the tax base is revalued periodically. The most recent revaluation came into effect on April 1st 2017. Revaluations are intended to redistribute the tax base to reflect shifts in market values that have taken place since the last revaluation and are not intended to increase the overall tax burden. The Non-Domestic Rating (Small Business Relief) (Wales) Order 2017 came into effect in April 2018 (UK Government, 2017). This states that the number of properties that businesses can claim SBRR on is limited to two properties per local authority (except post offices and registered childcare premises) (Welsh Government, 2019).
- 1.4 To support the delivery of the Welsh Government Taking Wales Forward (Welsh Government, 2016) commitment to 30-hours of free childcare¹ and respond to concerns from the industry, the Welsh Government introduced 100 percent relief to all registered childcare providers in Wales. This came into effect in April 2019 and will be in place until March 2022 (Welsh Government, 2019).

Research on small business rates relief Scheme

- 1.5 This analysis will build on the evidence base of the Evaluation of the small business rates relief Scheme 2010 (Peck, et al., 2010). The report concluded that there was agreement across respondents that the SBRR scheme was an appropriate balance between complexity, fairness and practicality. It is important to note the context of the 2010

¹ Taking Wales Forward (Welsh Government, 2016) commits the Welsh Government to delivering 30 hours of free childcare for working-age parents of 3-4 year olds for 48 weeks of the year.

evaluation. This occurred in the years following the 2008 economic recession, which could have affected the way SMEs perceived the importance and impact of SBRR. Following the Barclay review on NDR, Scottish Government are undertaking an evaluation of the impact of SBRR, which will be published in 2021 (The Review Group, 2017).

1.6 The present research was undertaken prior to the Covid-19 pandemic, which means answers from businesses may not be reflective of the post COVID-19 economic uncertainty. Emerging evidence from the UK and United States suggests that many small businesses were already financially fragile at the start of the pandemic (Bartik, et al., 2020), and that businesses more widely were experiencing a decrease in turnover after reopening (Office for National Statistics, 2020). Therefore, findings presented in this report may underestimate the current reality of financial hardship that SMEs are experiencing.

Research aims

1.7 The main objectives of this research are to:

- Assess perceptions of whether the relief has helped small businesses, in terms of business's ability to survive, and encouraging new businesses to start up;
- Assess whether some industries need SBRR more than others;
- Provide up-to-date research on perceptions of the scheme's effectiveness;
- Assess whether improvements could be made to the scheme, whether further research will be beneficial, and make recommendations to aid the future delivery of SBRR.

Contents of the report

1.8 This document reports on the analysis undertaken by Welsh Government's Knowledge and Analytical Services of data collected via the Beaufort Research Wales Business Omnibus Survey to assess the effectiveness of SBRR in Wales. This report documents views of SMEs supported by SBRR (and of other SMEs, some of which will be eligible, others will not). The topics examined cover the awareness of NDR, SBRR, different business characteristics for businesses with and without SBRR, different business sectors in general, and the perceived importance and perceived impact of the SBRR scheme on business ability to continue to trade.

2. Methodology

Sampling frame

- 2.1 The sample frame of Beaufort Research's Wales Business Omnibus survey was used for this study. Business establishments were identified through ownership of a business telephone line in Wales. SMEs are defined as businesses with up to 250 employees (full or part-time) at the location contacted. Eligible respondents were defined as "The Manager", "Proprietor", "Owner", "Managing Director" or other senior manager present at the time of interview. For businesses to be eligible to receive SBRR, businesses require their own premises. This meant that businesses operating from home or non-business premises were not invited to respond to the SBRR section of the survey. Whilst this criteria excluded some of the businesses ineligible to receive SBRR, the SBRR section likely still includes some SMEs that are not eligible for SBRR. SBRR eligibility is based on the rateable value of a property, i.e. properties rated up to £12,000 are eligible. This means that businesses with larger numbers of employees² would be less likely to be eligible for SBRR; however, they would still have been asked the SBRR survey questions. The quota of interviews was set at achieving at least 500 interviews. In total 504 telephone interviews were undertaken between 7 and 25 October 2019. 416 interviews were conducted with businesses that operated from business premises. 135 interviews were with businesses who received rates relief, 124 of which received SBRR.
- 2.2 All interviewing was undertaken by trained Beaufort Research fieldworkers from their offices in central Cardiff to ISO20252 standards. Interviews were conducted using Computer Aided Telephone Interviewing technology.
- 2.3 The Beaufort Business Omnibus sample is designed to be representative of all SME business establishments located in Wales; within the constraints of using a quota sampling approach. Interlocking quotas were set on business activity and size within region based on universe counts supplied by Market Location. A sample of businesses were selected randomly by Market Location. Businesses within each activity group and region were then randomly contacted and interviewed until the quota targets had been met. Only one interview was conducted within any one business.

² However, a business with a large number of employees could still be eligible if it has a number of separate smaller properties split across various local authorities.

Questionnaire specification

- 2.4 Beaufort Research developed the questionnaire specification, in partnership with the Welsh Government's Knowledge and Analytical Services (annex 1). The survey primarily consisted of closed questions, so the data is mostly numerical rather than an analysis of quotes. There were some questions that allowed for open-ended responses, but as these were recorded as one-word answers, they have been coded for similarities in order to produce numerical responses.

Analysis approach and quality indications

- 2.5 The Business Omnibus survey is designed to be representative of all SMEs in Wales. Beaufort Research have employed a 24 cell-weighting matrix used to weight data to correct small deviations from the required quota. However, when this refers to businesses, this should be read as "businesses sampled" as the differences presented are only indicative of what SMEs in Wales may experience. The sample is relatively small when broken down, and as a quota sampling approach was utilised, no significance testing can be undertaken.
- 2.6 The report presents descriptive statistics only. Data tables have been produced, from which the charts and figures have been created. The total base is denoted for each chart to highlight which charts should be interpreted with greater caution: the smaller the total base, the less stable the estimates and lower the quality. Across the report disclosure controls have resulted in categories being removed as the sample size is too small. Where a category is missing this will be a result of the sample being too small to present. This occurs predominantly for the section "Businesses receiving BRR" where only some business activities are presented in the charts.

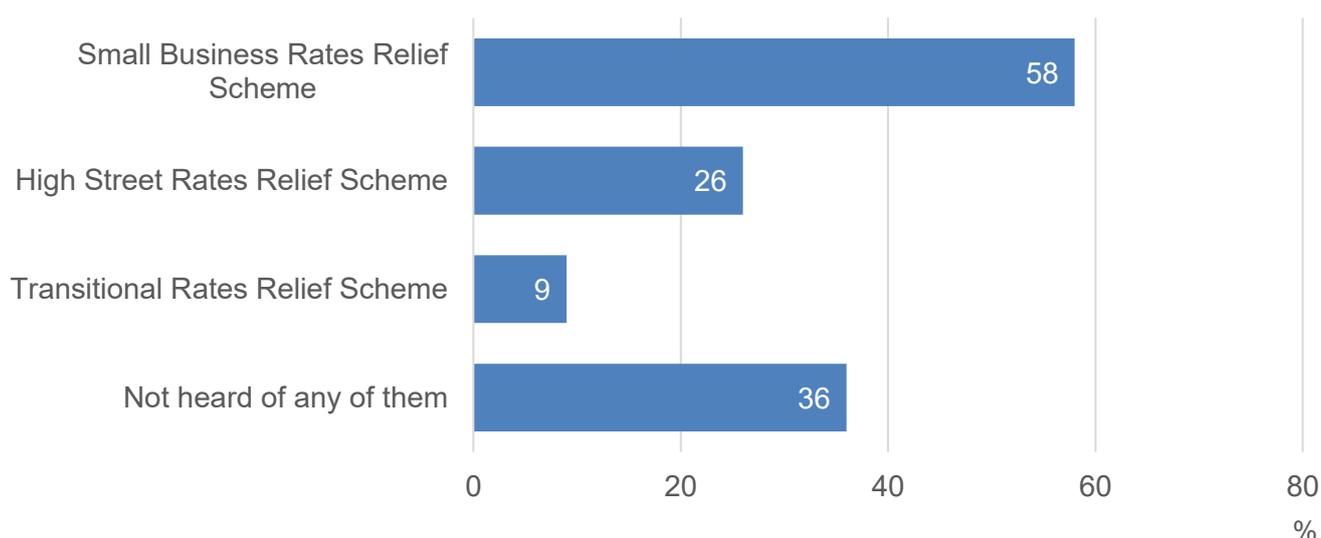
3. Awareness and perceptions of Non-Domestic Rates relief schemes

Awareness of businesses of Non-Domestic Rates relief schemes that were asked the SBRR questions

3.1 Figure 3.1 shows that just over a third of the businesses surveyed had not heard of any of the Non-Domestic Rates (NDR) relief schemes in Wales (36 percent). Of the three schemes, businesses had greatest awareness of the small business rates relief, followed by the High Street Rates Relief Scheme (58 percent and 26 percent, respectively). The scheme with the lowest awareness among eligible businesses was the Transitional Rates Relief Scheme, with only nine percent of businesses surveyed having heard of the scheme.

Figure 3.1: Awareness of Non-Domestic Rates (NDR) relief schemes available for businesses in Wales, 2019

The scheme that the most of respondents had heard of was the small business rates relief scheme
Sampled businesses invited to respond to the Small Business Rates Relief section of the questionnaire, Wales



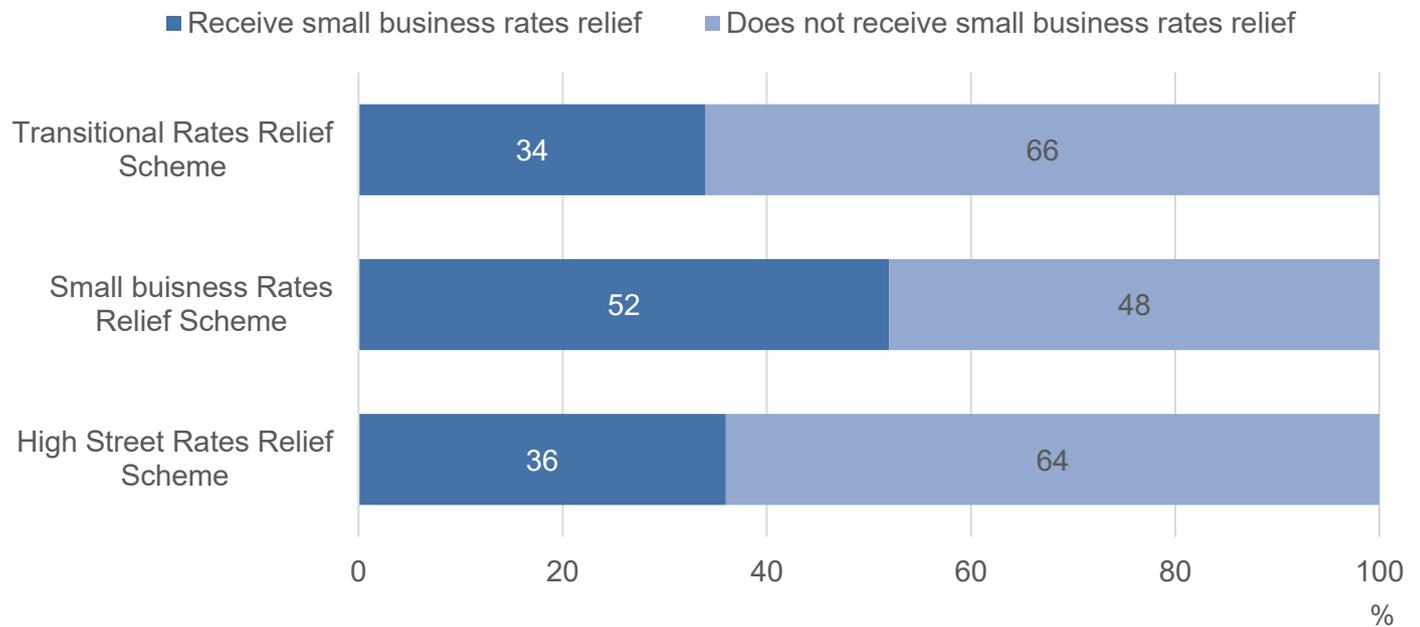
Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 420

3.2 Figure 3.2 shows just over one third of sampled businesses who had heard of the Transitional Rates Relief scheme received SBRR (34 percent). For respondents that had heard of the High Street Rates Relief Scheme, 36 percent of those businesses received SBRR. Just over half of sampled businesses that had heard of small business rates relief had used the SBRR scheme (52 percent). This suggests that awareness may not be the only factor in proportion of businesses receiving SBRR as 48 percent of sampled businesses who know about the scheme still do not receive it. However, the proportion of businesses receiving SBRR in figure 3.2 could be owing to some businesses being included in the analysis that are ineligible to receive SBRR.

Figure 3.2: Receipt of small business rates relief by businesses with awareness of one of the Non-Domestic Rates (NDR) relief schemes available for businesses in Wales, 2019

For sampled businesses that had heard of the SBRR scheme, half of those businesses did not receive SBRR

Sampled businesses invited to respond to the Small Business Rates Relief questions who had heard of one of the Non-Domestic Rates Schemes, Wales



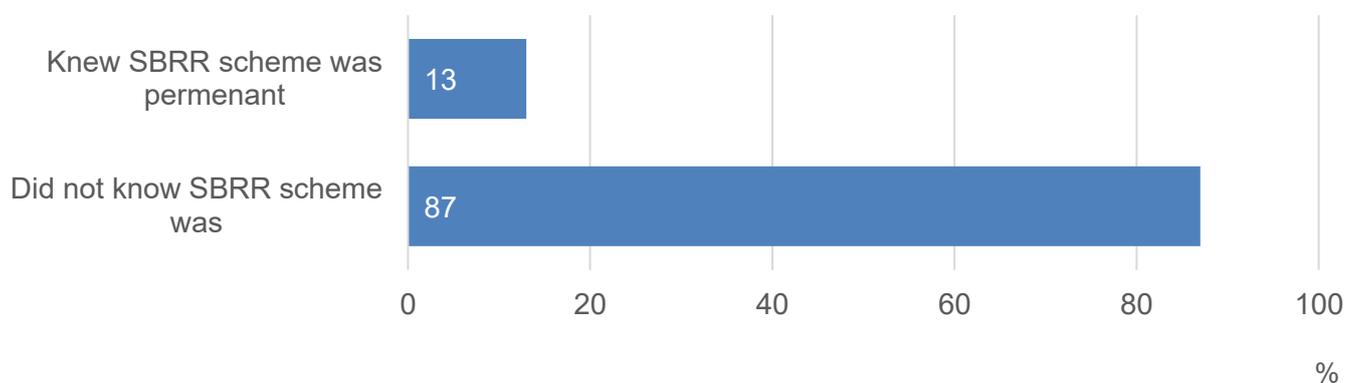
Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 260

3.3 Across businesses sampled which received SBRR, the majority of respondents did not know that the Welsh Government has made the SBRR scheme permanent (87 percent).

Figure 3.3: Awareness among businesses in Wales receiving small business rates relief that the Welsh Government has made the scheme permanent, 2019

The majority of sampled businesses who had SBRR did not know the scheme had been made permanent

Sampled businesses receiving small business rates relief, Wales



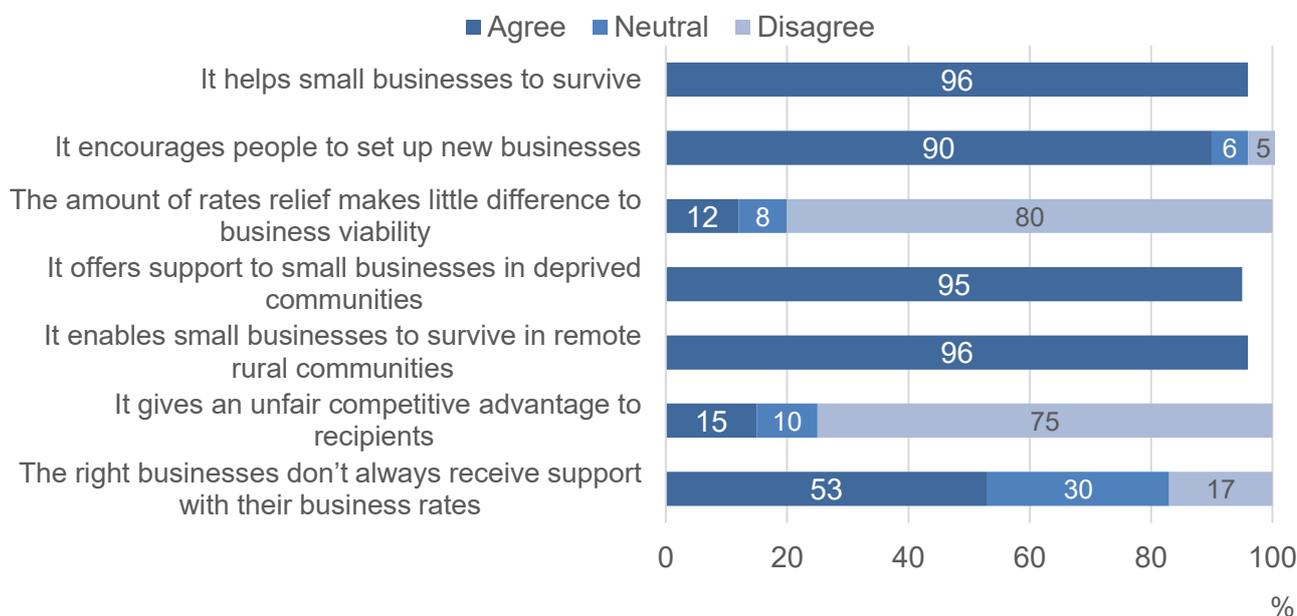
Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 120

Perceptions on how rates relief might affect small-medium businesses

- 3.4 Figure 3.4 shows that the majority of surveyed businesses receiving business rates relief (BRR) (over 9 in 10) agreed that rates relief “helps small businesses to survive”, rates relief “enables small businesses to survive in remote rural communities” and “offers support to small businesses to survive in deprived communities” (96 percent, 96 percent and 95 percent). Nine in 10 surveyed businesses agreed that rates relief encourages people to set up new businesses (90 percent).
- 3.5 Four in five surveyed businesses receiving BRR disagreed with the statement “the amount of rates relief makes little difference to business vitality” (80 percent). Three quarters of businesses sampled receiving BRR disagreed that “rates relief gives an unfair competitive advantage to recipients” (75 percent), compared to a quarter of businesses that were split between agreed and neutral (15 percent and 10 percent, respectively). Just over half of surveyed businesses agreed that, “the right businesses do not always receive the right support with their business rates” (53 percent), with just under a third of businesses not having a strong opinion either way (30 percent).

Figure 3.4: Perceptions on some statements about the ways in which rates relief might affect small businesses in Wales, 2019

The majority of businesses receiving BRR believed rates relief “helps small businesses to survive”
Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019
 Base 130

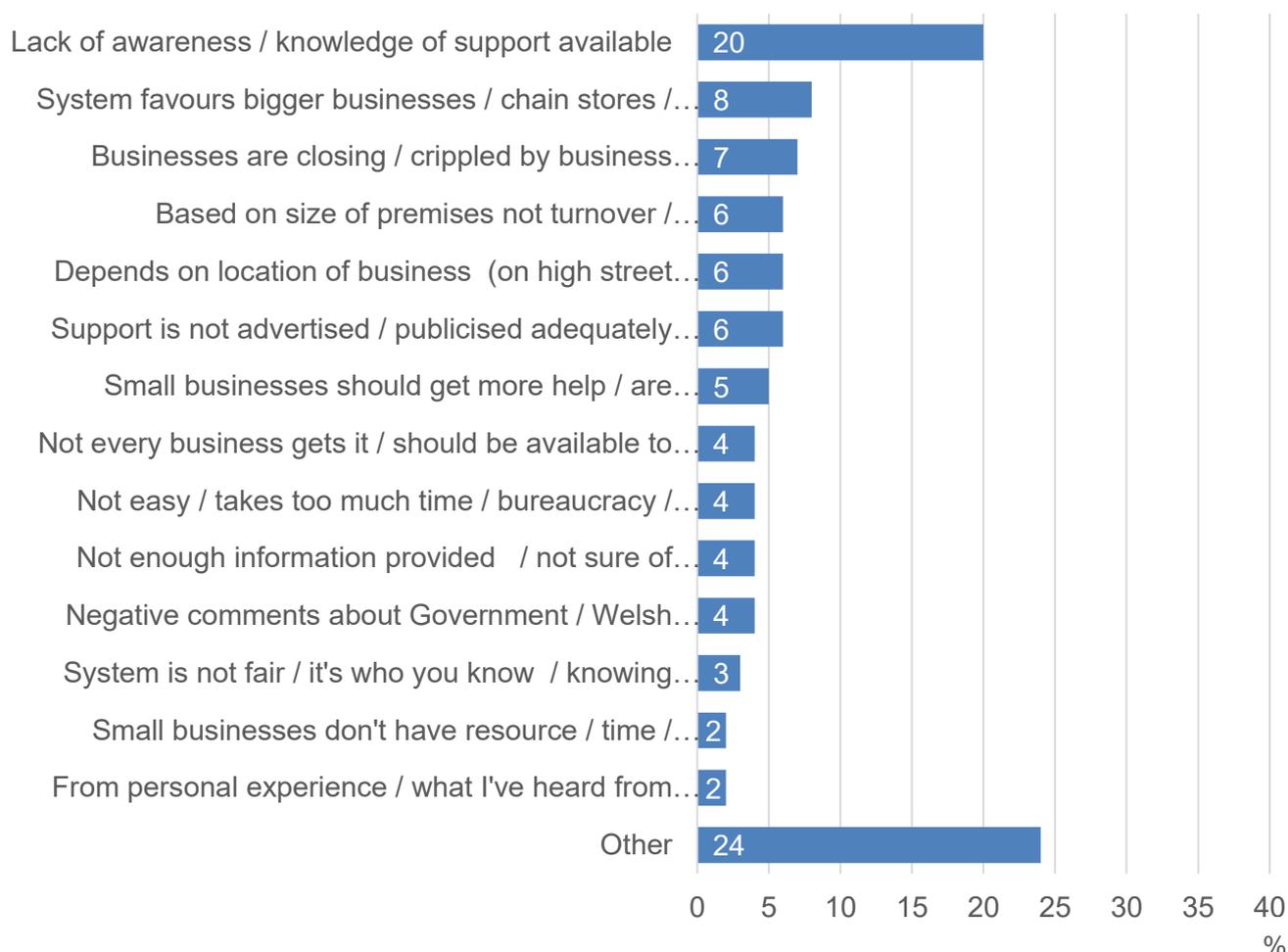
1. The base refers to the number of respondents that were asked each statement on rates relief, rather than the total number of responses within the figure.
2. Where there was broad agreement from businesses on a statement, the bars within the figure will not sum to 100 percent, as responses where disclosure was a risk have been suppressed.

3.6 Figure 3.5 shows that for the businesses sampled, excluding “other reason”, one in five businesses cited that the reason why businesses do not always receive support with their rates bills was due to a “lack of awareness /knowledge of support available” to businesses (20 percent). This was 12 percentage points higher than the next most common reason: “System favours bigger businesses / chain stores / big businesses pay same as small businesses” (8 percent). The spread of responses indicated that there is no clear consensus for the reasons that businesses do not always receive support with their rates bills other than a general lack of awareness of available schemes.

Figure 3.5: Perceived rationale for why businesses do not receive support with their business rates, 2019

One in five businesses cited that the reason why businesses do not always receive support with their rates bills was due to a “lack of awareness /knowledge of support available” to businesses

Sampled SMEs invited to respond to the Small Business Rates Relief questions who perceived that businesses did not receive support with their business rates, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 210

1. Percentages will not sum to 100 percent as respondents could choose multiple options. The percentage for each row refers to “out of the total number of businesses asked this question, X proportion of businesses selected that rationale”.

4. Businesses who were asked questions on small business rates relief

Business characteristics for sampled small-medium enterprise businesses

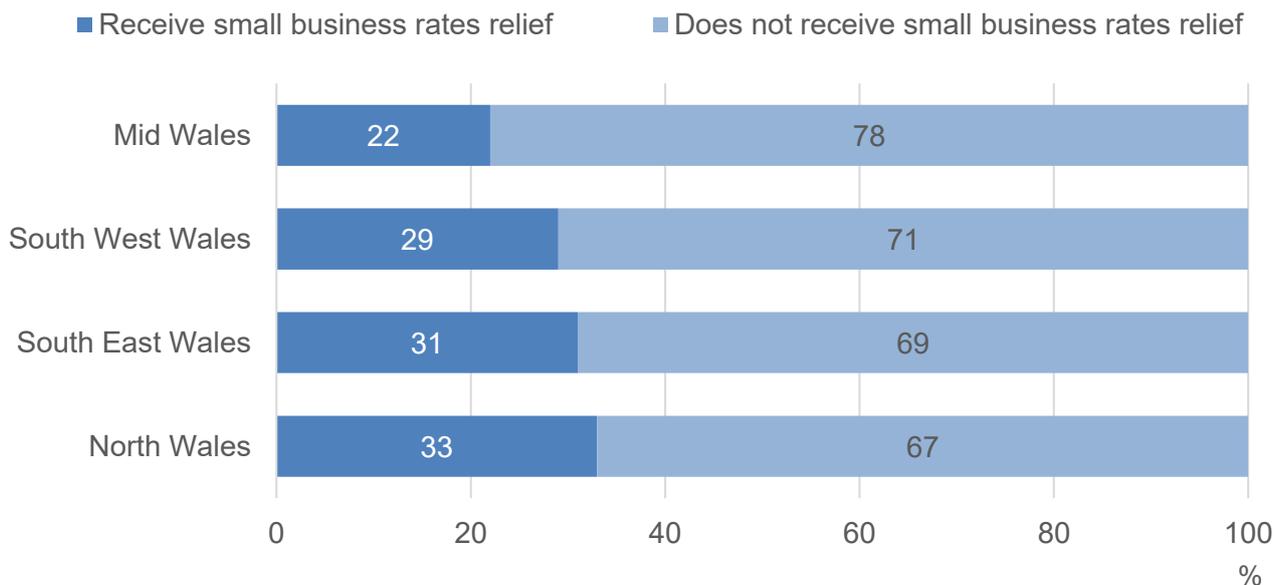
4.1 This section focuses on all businesses who were asked the SBRR questions; the sample is split by whether or not responding businesses received SBRR or not.

4.2 Figure 3.6 shows that across all regions in Wales, the majority of sampled businesses do not receive SBRR, with just under a third of sampled businesses receiving SBRR (30 percent). Mid Wales appears to have the lowest proportion of sampled businesses receiving SBRR (22 percent). Businesses sampled in the other three regions (North Wales, South East Wales and South West Wales) have similar proportions of businesses receiving SBRR (33, 31 and 29 percent, respectively).

Figure 3.6: Receipt of small business rates relief by region, 2019

The highest proportion of respondents receiving SBRR were located in North Wales

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

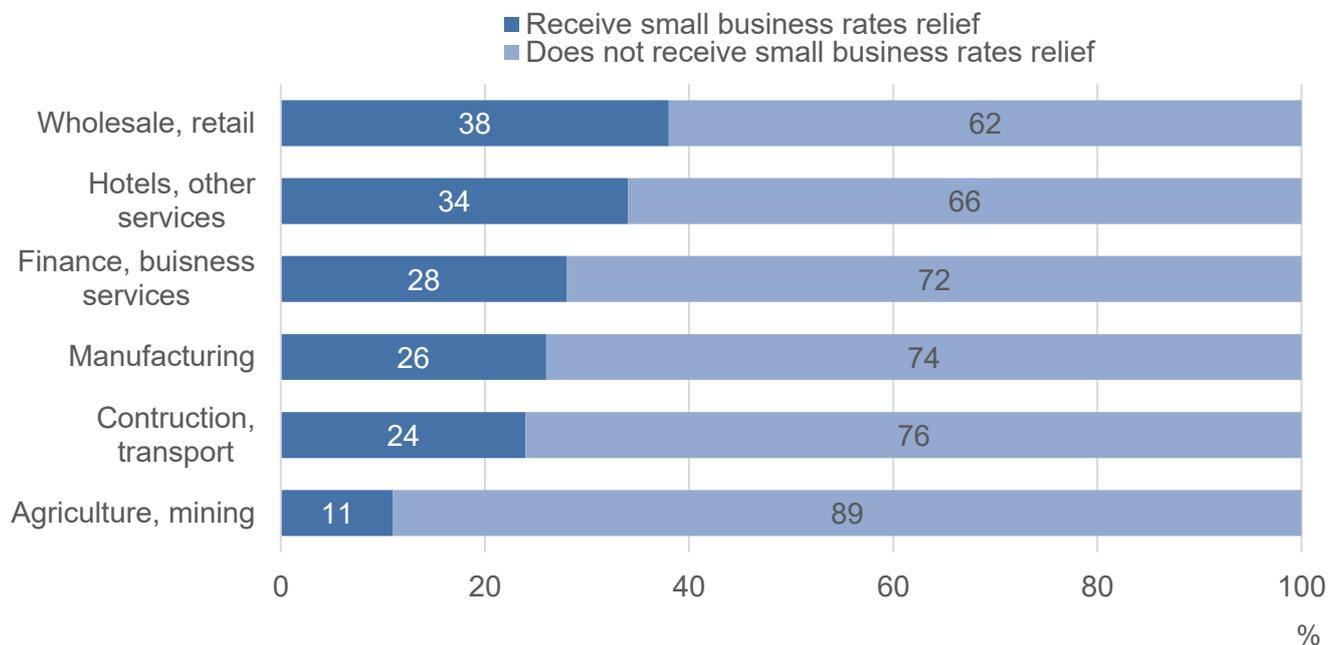
Base 420

4.3 Figure 3.7 shows businesses in “Wholesale, retail” have the highest proportion sampled that receive SBRR (38 percent). “Hotels, other services” have the second highest proportion receiving SBRR (34 percent). “Agriculture, mining” had the lowest proportions receiving SBRR (11 percent).

Figure 3.7: Receipt of small business rates relief by business activity, 2019

“Wholesale, retail” was the business activity with the highest proportion of respondents receiving small business rates relief

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales

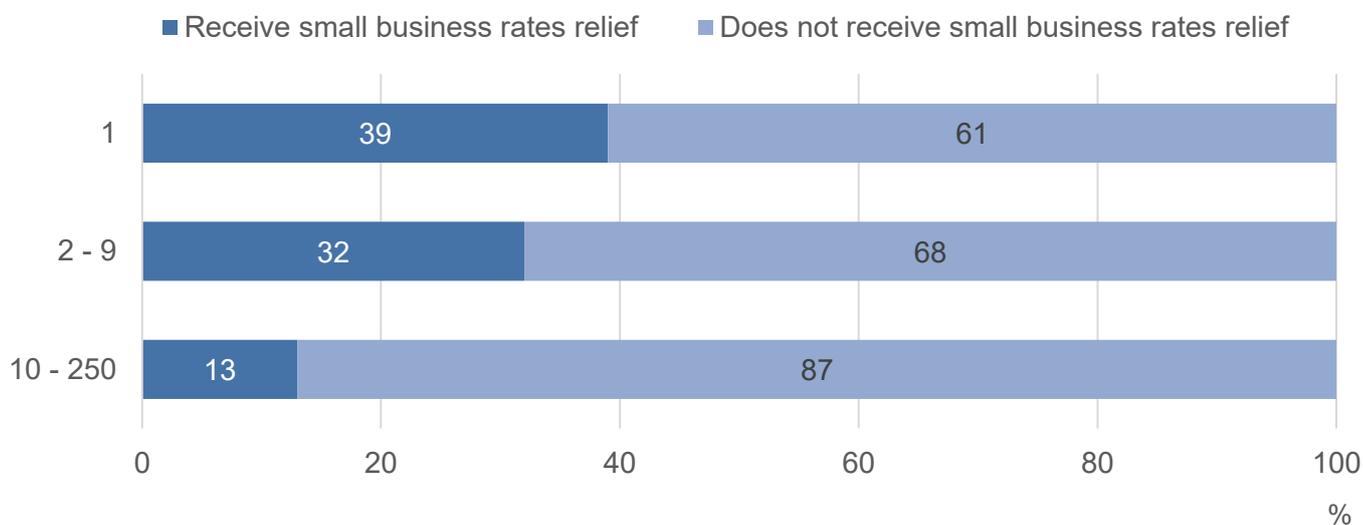


Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 410

4.4 Figure 3.8 shows businesses sampled with fewer employees were more likely to receive SBRR than businesses with more employees. Just under two out of five businesses sampled with one employee received SBRR (39 percent). Businesses sampled with between two and nine employees had the second highest proportion of businesses receiving SBRR, with one in three businesses sampled receiving SBRR (32 percent). Businesses sampled with between 10-250 employees had the lowest proportion of businesses receiving SBRR, with just over one in ten businesses receiving SBRR (13 percent).

Figure 3.8: Receipt of business rates relief by number of employees, 2019

The smaller the number of employees the more likely businesses were to receive business rates relief
Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales

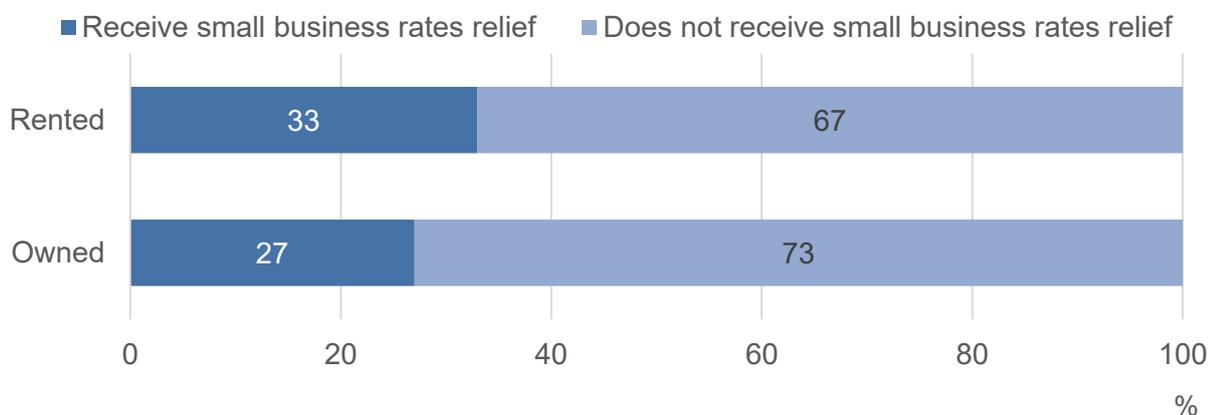


Source: Beaufort Research - Business Omnibus Survey, November 2019
 Base 410

4.5 Figure 3.9 shows a slightly larger proportion of businesses who rent their property receive SBRR compared to the businesses that own their property (33 percent and 27 percent, respectively). There is a six percentage point difference between businesses sampled that rent their properties compared to businesses that own their property.

Figure 3.9: Receipt of business rates relief by business’s property tenure, 2019

Businesses who rent were slightly more likely to receive SBRR
Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



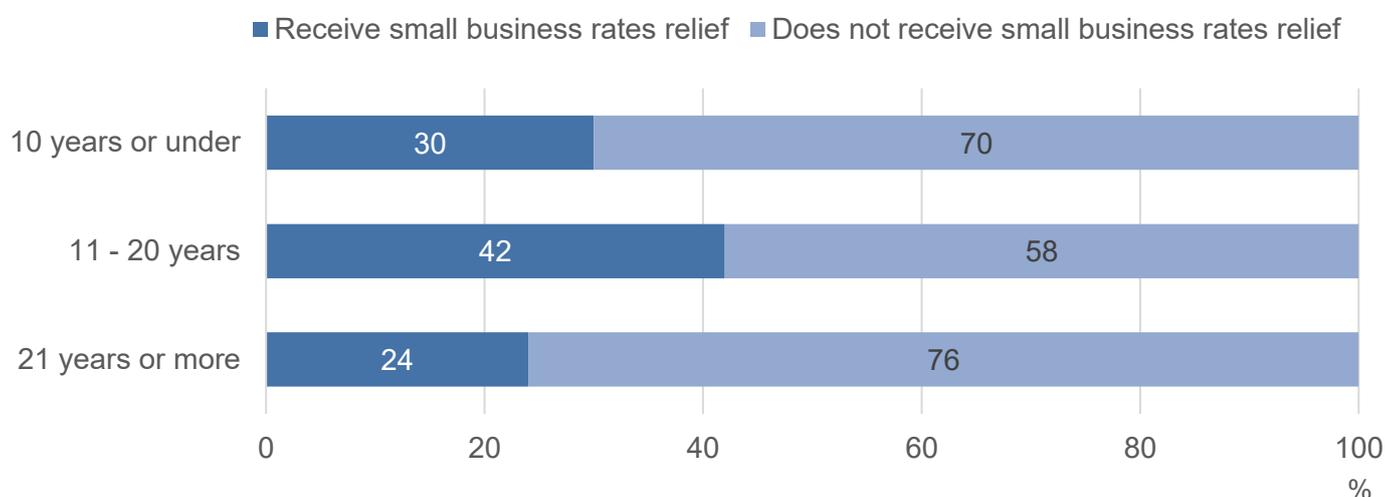
Source: Beaufort Research - Business Omnibus Survey, November 2019
 Base 410

4.6 Figure 3.10 shows businesses sampled that were established between 11 and 20 years ago had the highest rate of businesses receiving SBRR (42 percent) compared to businesses established in the last 10 years, or 21 years ago or more. Three in 10 of sampled business established in the last 10 years received SBRR (30 percent). Sampled businesses established over 21 years ago were the least likely to be receiving SBRR (24 percent).

Figure 3.10: Receipt of small business rates relief by number of years business has been established, 2019

Just over two out of five businesses established between 11-20 years ago receive SBRR

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



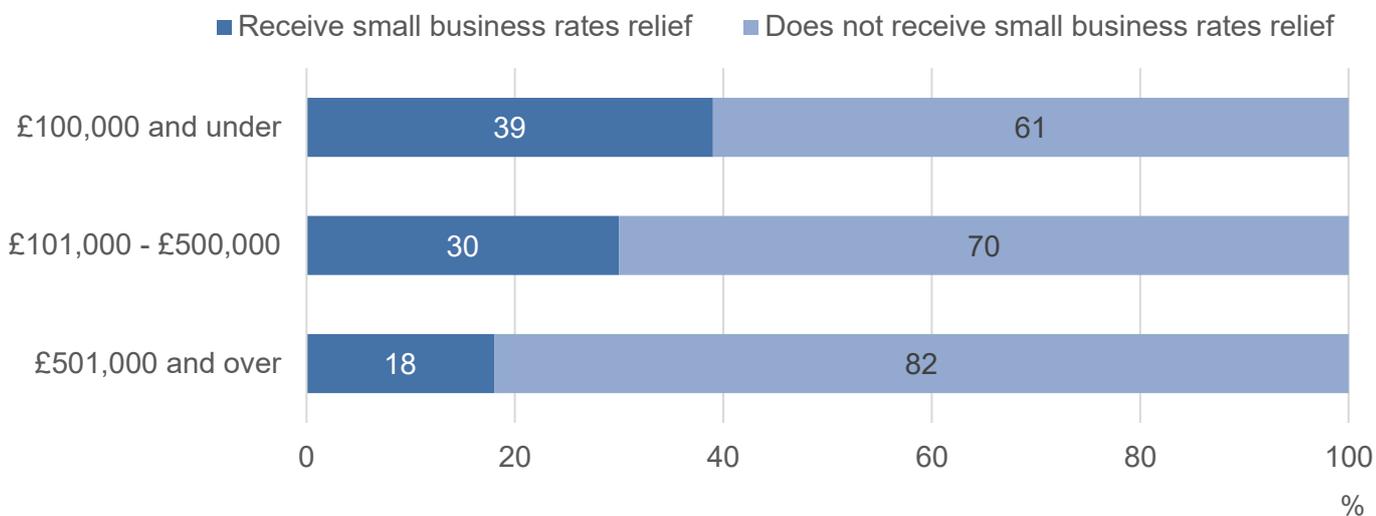
Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 410

4.7 Figure 3.11 shows for businesses sampled, businesses with a larger turnover (£501,000 and over) were least likely to receive SBRR (21 percent). Sampled businesses with a turnover amount under £100,000 were twice as likely to receive SBRR compared to those with a turnover of £501,000 or more (39 percent compared to 18 percent). Three in ten businesses sampled with a turnover amount between £101,000 - £500,000 received SBRR (30 percent).

Figure 3.11: Receipt of small business rates relief by turnover amount, 2019

Sampled businesses with a smaller turnover amount were most likely to receive small business rates relief
Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019
 Base 410

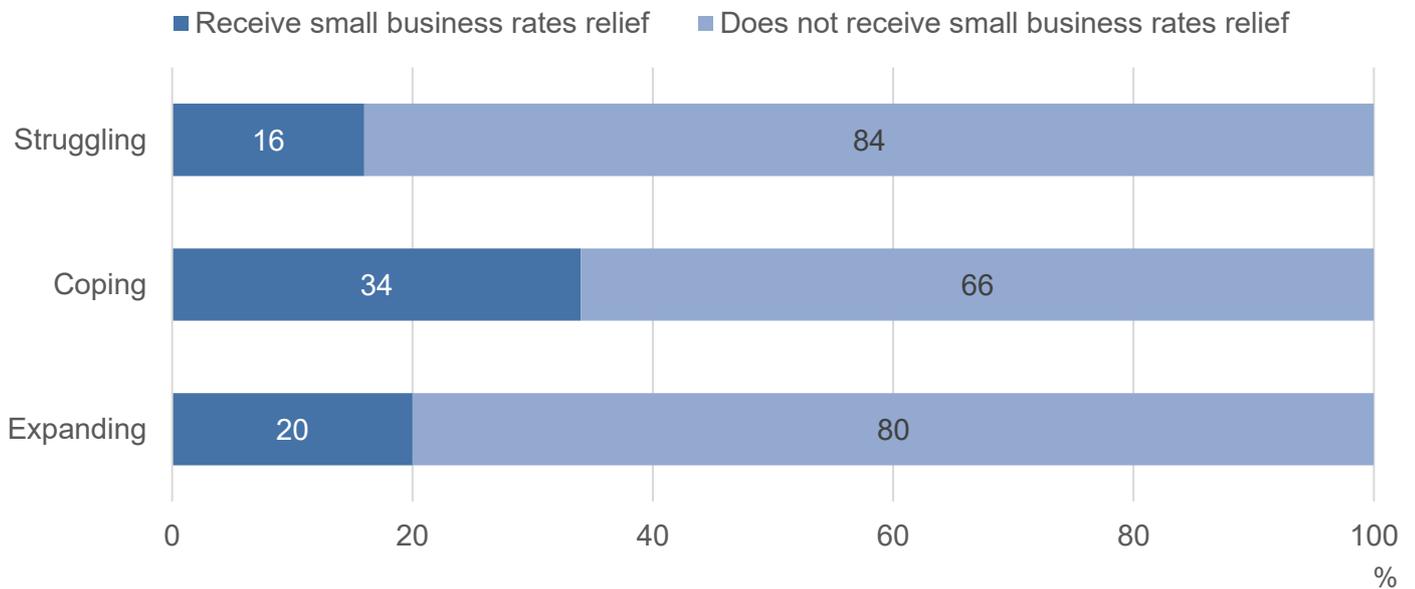
Receipt of small business rates relief: Perceptions from sampled small-medium enterprise businesses

4.8 Figure 3.12 shows for businesses sampled, who perceived that their business was “struggling”, a larger proportion of businesses did not have SBRR (82 percent). Sampled businesses who perceived their business was “coping” had the highest proportion of businesses with SBRR (37 percent). Three quarters of sampled businesses who perceived their business’ financial situation as “expanding” were not in receipt of SBRR (25 percent).

Figure 3.12: Receipt of small business rates relief by perceived financial stability, 2019

Sampled businesses who perceived their business as “struggling” had the largest proportion of businesses without SBRR

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



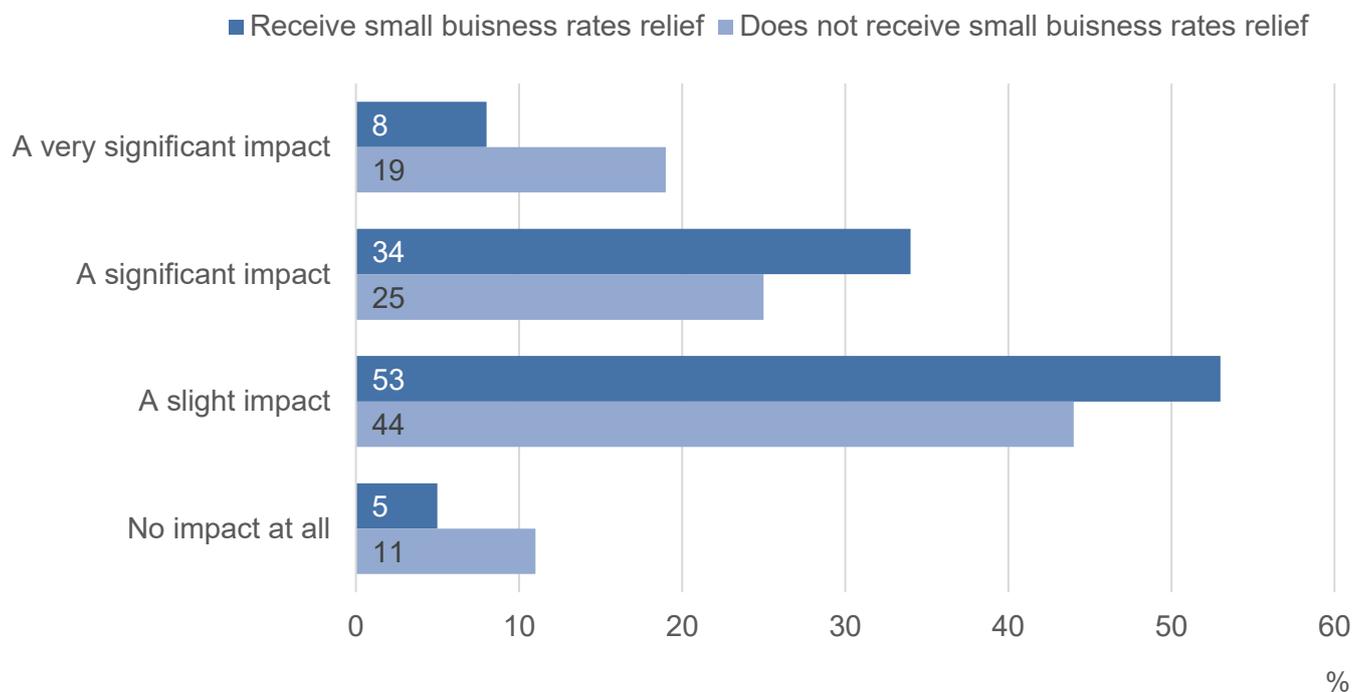
Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 400

1. Businesses were asked to describe their financial situation; these descriptions have been coded and grouped into three categories.
- 4.9 Figure 3.13 shows that the sampled businesses that receive and do not receive SBRR were both most likely to perceive a 2 percent increase in future overheads as having a “slight impact” on ability to continue trading (53 and 44 percent, respectively) compared with a “very significant”, “significant” or “no impact”.

Figure 3.13: Receipt of small business rates relief by perceived impact of overheads increasing by two percent on ability to continue trading, 2019

Sampled businesses not receiving SBRR were more likely to perceive a two percent increase in overheads would have a very significant impact on ability to continue trading than businesses receiving SBRR
Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 400

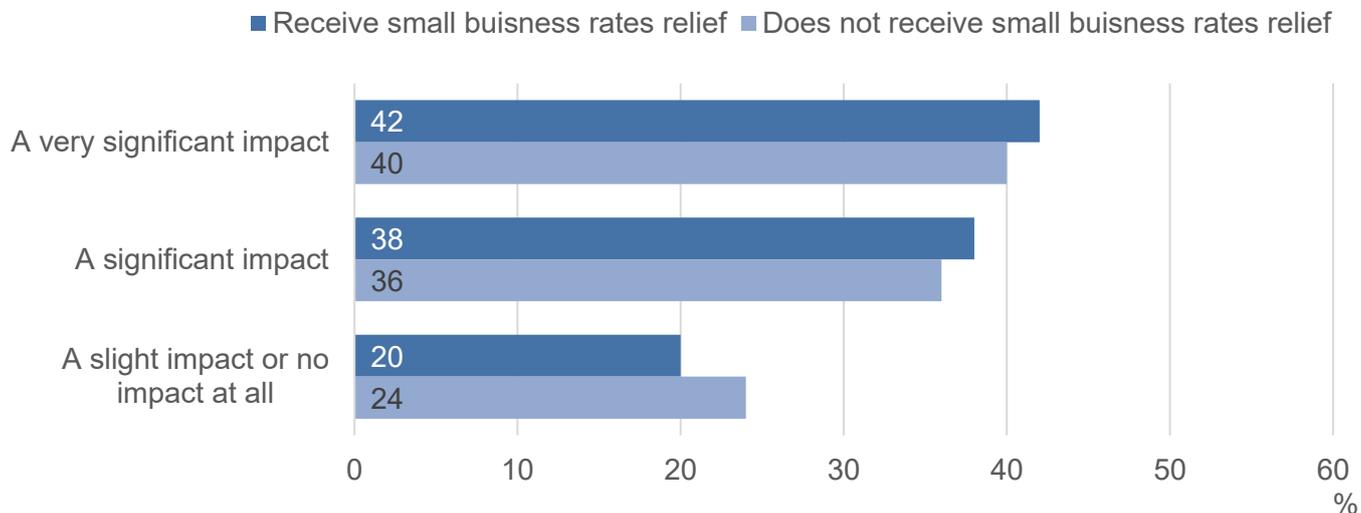
1. *This figure should not be directly compared with figure 3.14 or 3.15 as the other two figures present a different combination of options.*

4.10 There were not many differences in perceptions of impact of overheads increasing by five percent on ability to continue trading between businesses that received SBRR compared to businesses without SBRR. Figure 3.14 shows sampled businesses that receive and do not receive SBRR were both most likely to perceive a five percent increase in future overheads as having a “very significant impact” on ability to continue trading (42 and 40 percent, respectively). For both businesses receiving SBRR and not receiving SBRR, the next most frequently perceived level of impact was “significant impact” (38 percent and 36 percent, respectively). One in five businesses receiving SBRR perceived that a five percent increase in overheads would have a “slight impact or no impact” on ability to continuing trading (20 percent) compared to just under a quarter of businesses who do not receive rates relief (24 percent).

Figure 3.14: Receipt of small business rates relief by perceived impact of overheads increasing by five percent on ability to continue trading, 2019

Perceptions on level of impact owing to a five percent increase in overheads were broadly similar across most categories for both those businesses receiving and not receiving SBRR

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 400

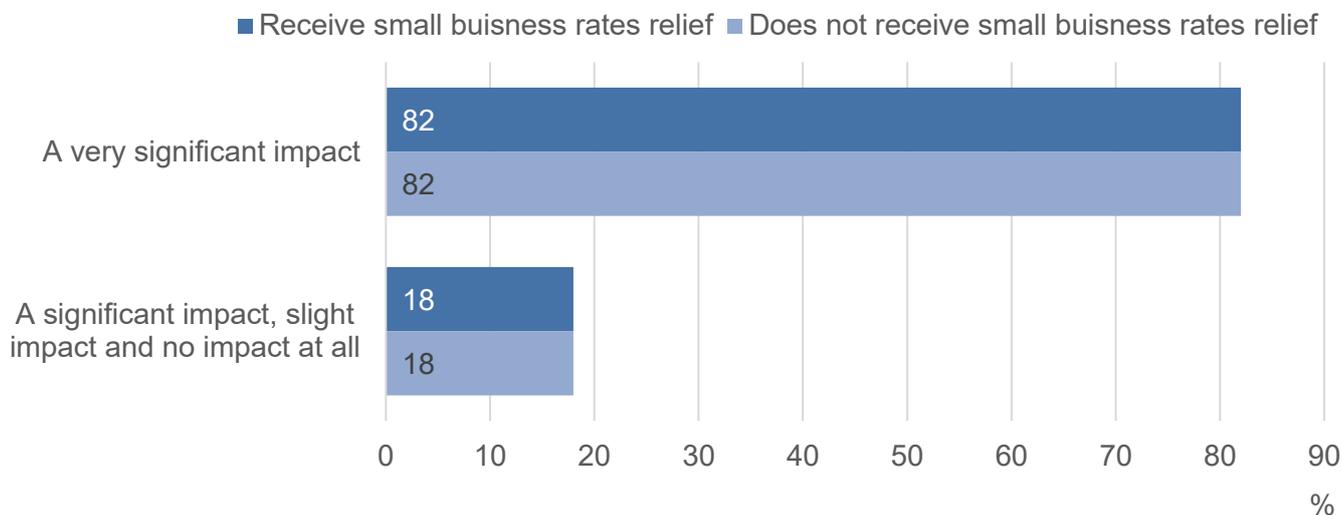
1. The options slight impact and no impact at all have been presented together to prevent risk of disclosure. This figure should not be directly compared with figure 3.15 or 3.13.

4.11 Figure 3.15 shows that sampled businesses that receive and do not receive SBRR were both equally likely to perceive a ten percent increase in future overheads as having a “very significant impact” on ability to continue trading (82 percent and 82 percent, respectively), compared to “significant impact”, “slight impact or no impact”. For businesses both receiving and not receiving SBRR, 18 percent perceived that a 10 percent increase in overheads would have a “significant impact” on their ability to continue trading.

Figure 3.15: Receipt of small business rates relief by perceived impact of overheads increasing by ten percent on ability to continue trading, 2019

The majority of sampled businesses felt that a 10 percent increase in overheads would have a very significant impact on ability to continue trading

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 400

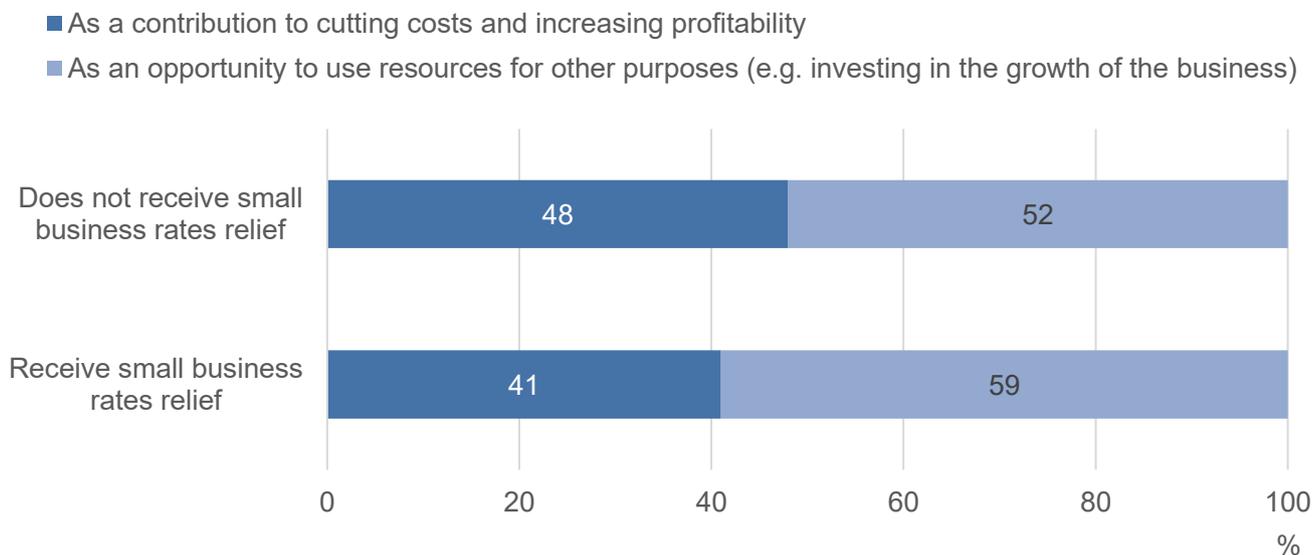
1. The options significant impact, slight impact and no impact at all have been presented together to prevent risk of disclosure. This figure should not be directly compared with figure 3.14 or 3.13.

4.12 Figure 3.16 shows just under three in five sampled businesses that received SBRR perceived rates relief as an opportunity to use resources for other purposes over a contribution to cutting costs and increasing profitability (59 percent compared to 41 percent). The split between the two presented benefits of rates relief for sampled businesses not receiving SBRR was similar, with a four percentage point difference (48 percent compared to 52 percent).

Figure 3.16: Receipt of small business rates relief by perceived benefits of receiving rates relief, 2019

Three in five sampled businesses that received SBRR perceived rates relief as an opportunity to use resources for other purposes over a contribution to cutting costs and increasing profitability

Sampled businesses invited to respond to the Small Business Rates Relief questions for small business rates relief, Wales



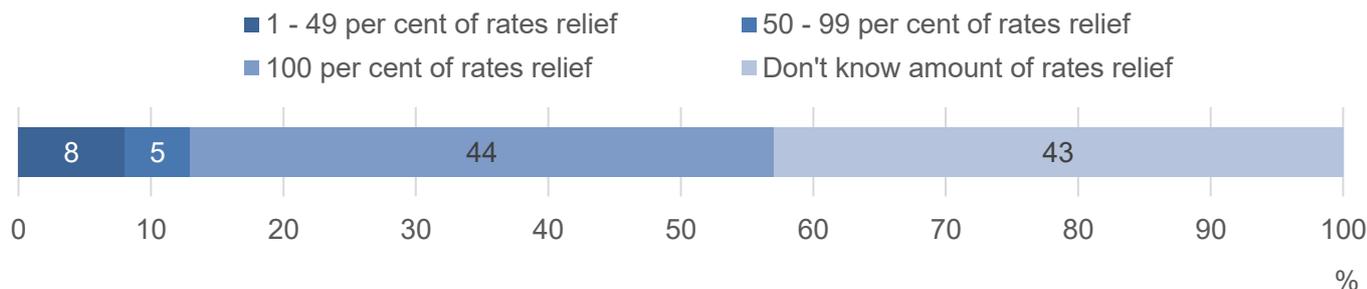
Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 390

4.13 Figure 3.15 shows just over four in ten businesses sampled in receipt of SBRR did not know how much SBRR their business received (43 percent). For sampled businesses aware of the amount received in SBRR, the amount of rates relief most frequently received was “100 percent rates relief” (44 percent). The next most frequently received amount was “1 – 49 percent of rates relief” with 8 percent of sampled businesses receiving that amount.

Figure 3.17: Receipt of small business rates relief by amount of rates relief received, 2019

Just over four in ten businesses sampled in receipt of SBRR did not know how much SBRR their business received

Businesses in receipt of small business rates relief, Wales



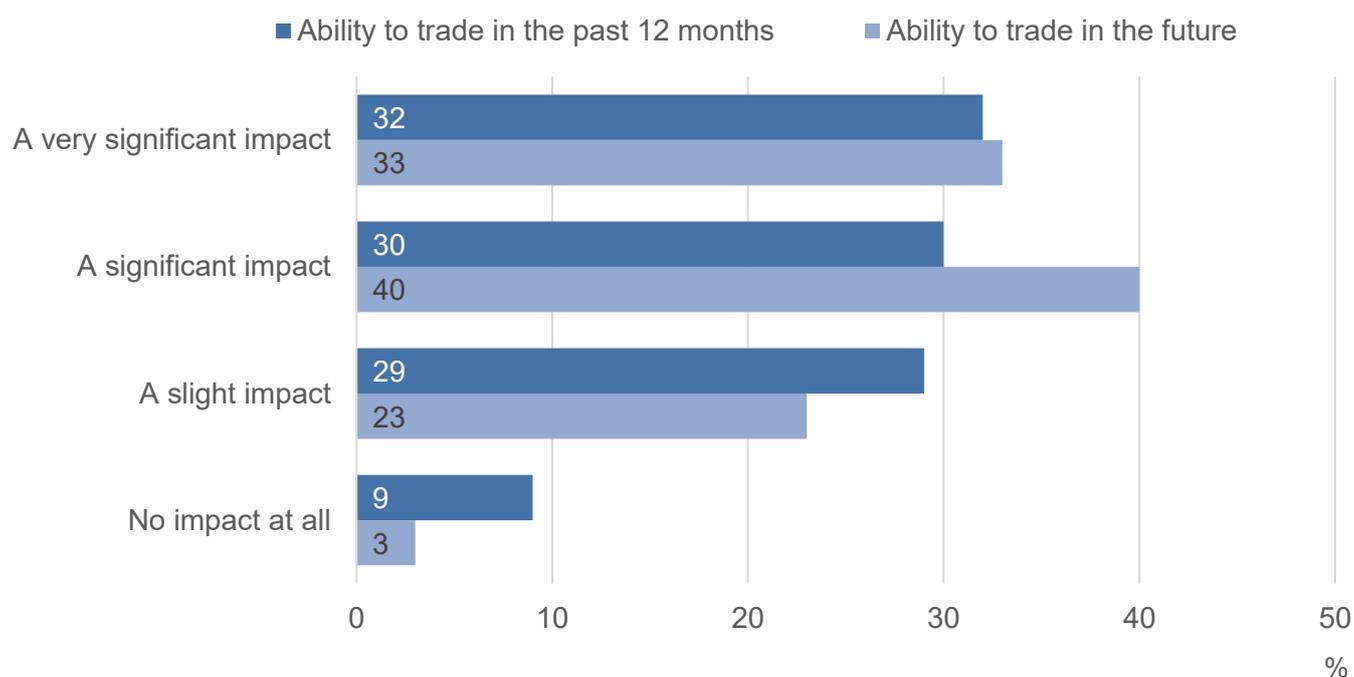
Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 120

- 4.14 Businesses in receipt of SBRR were asked about the level of impact of SBRR on their ability to trade in the future. “Significant impact” (40 percent) was the most common response, followed by “very significant impact” of SBRR on ability to trade in the future (33 percent).
- 4.15 SBRR was perceived as having had a “very significant impact” on sampled businesses’ ability to trade in the past 12 months according to just under one in three businesses with SBRR (32 percent). A further 30 percent said it had a “significant impact”. Nine percent of businesses receiving SBRR felt SBRR had had “no impact at all” on ability to trade in the past 12 months.

Figure 3.18: Perceived impact of small business rates relief on ability to trade in the past 12 months and ability to trade in the future, 2019

Seven in 10 businesses sampled perceived SBRR would have either a significant or very significant impact on business ability to trade in the future

Businesses sampled with SBRR, Wales

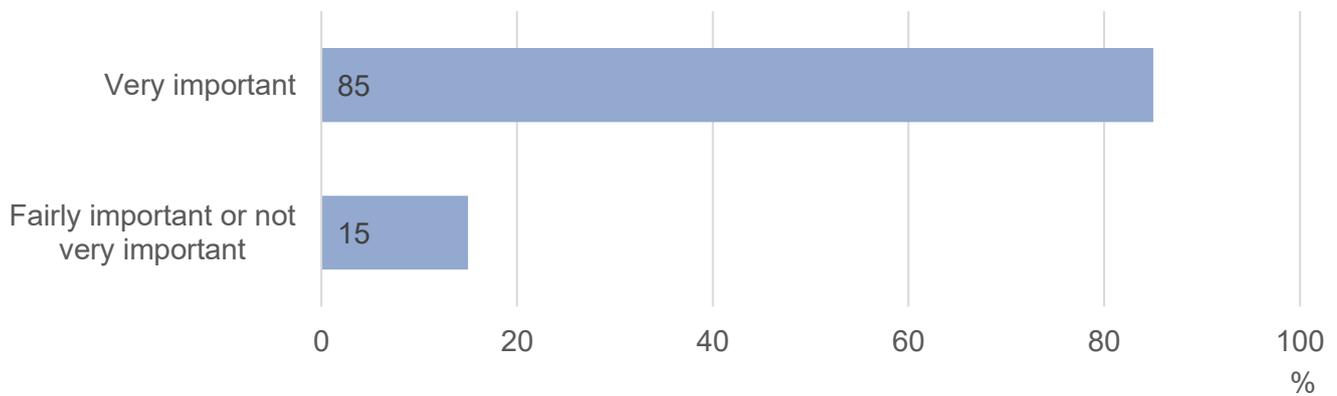


Source: Beaufort Research - Business Omnibus Survey, November 2019
Base 120 for ability to trade in the past 12 months, 120 for ability to trade in the future

- 4.16 The majority of businesses sampled in receipt of SBRR perceived SBRR to be “very important” for businesses starting out (85 percent), with 15 percent of businesses citing SBRR as “fairly important or not very important”.

Figure 3.19: Perceived importance of small business rates relief on ability to continue trading when businesses are starting out, 2019

86 percent of sampled business perceived SBRR as very important for businesses starting out
Businesses sampled with small business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 120

1. The options "not very important" and "fairly important" have been combined to reduce issues of disclosure.

5. Businesses receiving business rates relief

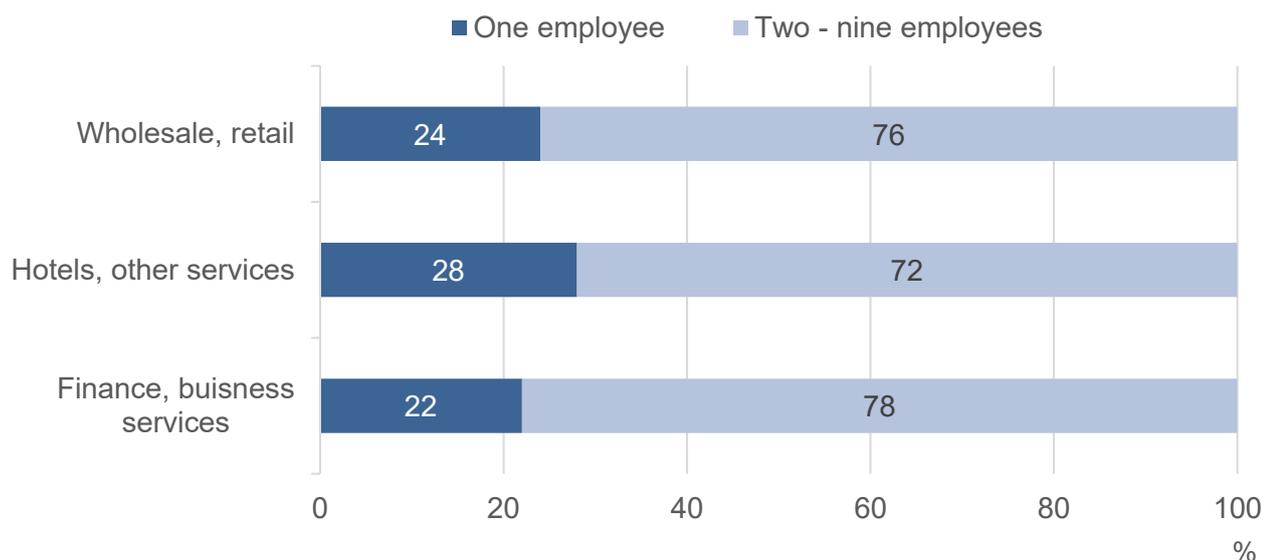
Business activities by business characteristics

- 5.1 This section focuses on businesses receiving BRR; the majority of this sample receive SBRR, but some additional businesses that receive other rates relief are included in the next series of figures.
- 5.2 Figure 3.20 shows that between 72 – 78 percent of sampled businesses with BRR across all business activities have two to nine employees. Just under a quarter of businesses undertaking activities in “wholesale, retail” have one employee (24 percent). Businesses undertaking activities in “hotel, other services” are four percentage points higher for one employee than businesses undertaking “wholesale, retail” (28 percent).

Figure 3.20: Business activities by number of employees, 2019

Between 72 – 78 percent of sampled businesses receiving BRR across all business activities, have two to nine employees

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

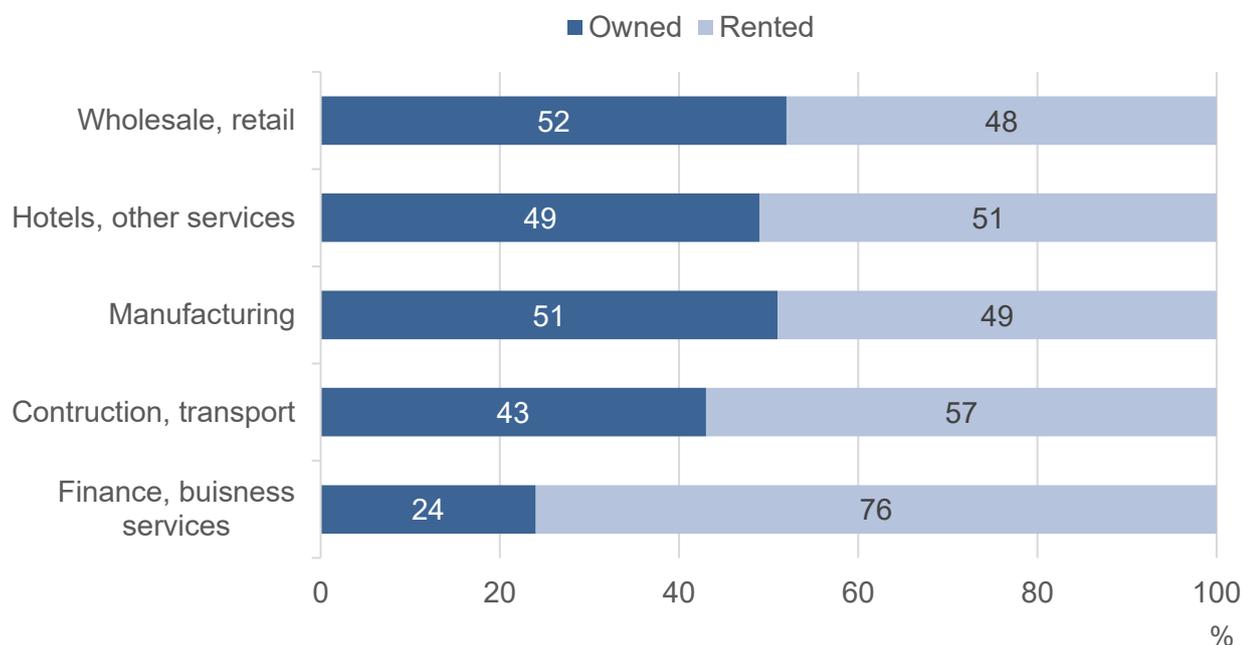
Base 120

1. *Businesses with employee numbers over 10 were excluded from this analysis as only one sector had enough businesses to not be disclosive, which would have masked patterns in other sectors.*
- 5.3 Figure 3.21 shows that the main business activities where differences in property tenure are noticeable are for businesses undertaking activities in “Finance, business services” where three quarters of businesses in this activity are renting their business property (76 percent). The business activity with the next largest difference in business property tenure is “construction, transport”, with 57 percent of businesses renting.

Figure 3.21: Business activities by business property tenure, 2019

For respondents in “wholesale, retail”, “hotels, other services” and “manufacturing” business activities the tenure of business property split is relatively evenly between rented and owned

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

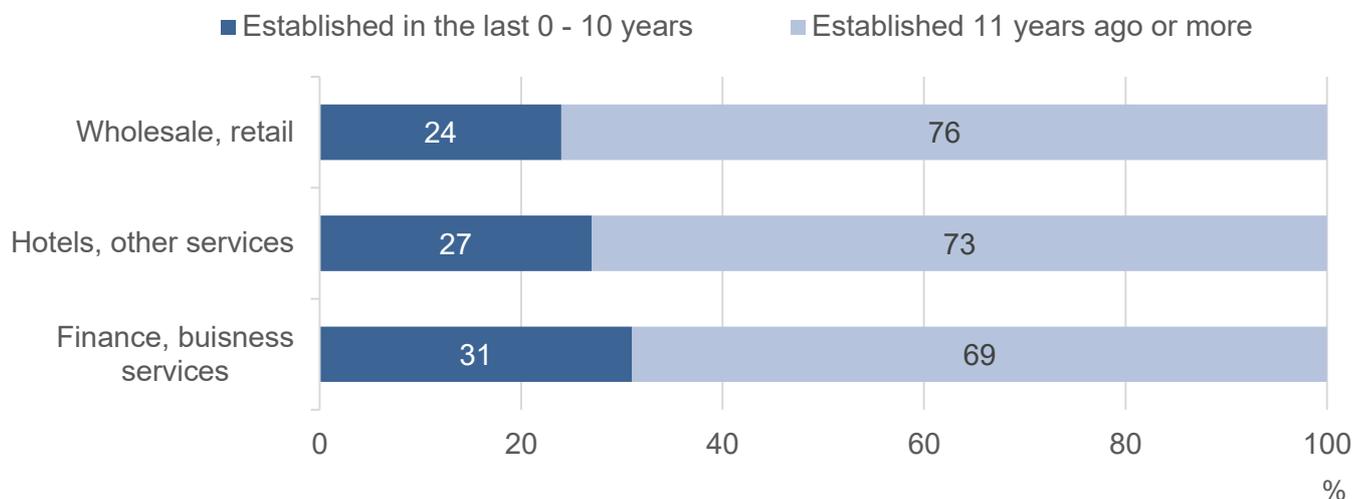
Base 140

5.4 The businesses that received BRR were more frequently established 11 years ago or more across all business activities. Just under three out of 10 businesses who claimed BRR and were engaged in the “Hotel, other services” activities were established within the last 10 years (27 percent). Businesses receiving BRR who undertook “Wholesale, retail” activities had nearly a quarter of businesses established in the past 10 years (24 percent). Just under one in three businesses undertaking “Finance, business services” activities were established in the last 10 years (31 percent).

Figure 3.22: Year business established by business activity, 2019

Respondents in receipt of business rates relief were more frequently to have been established 11 years ago or more

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

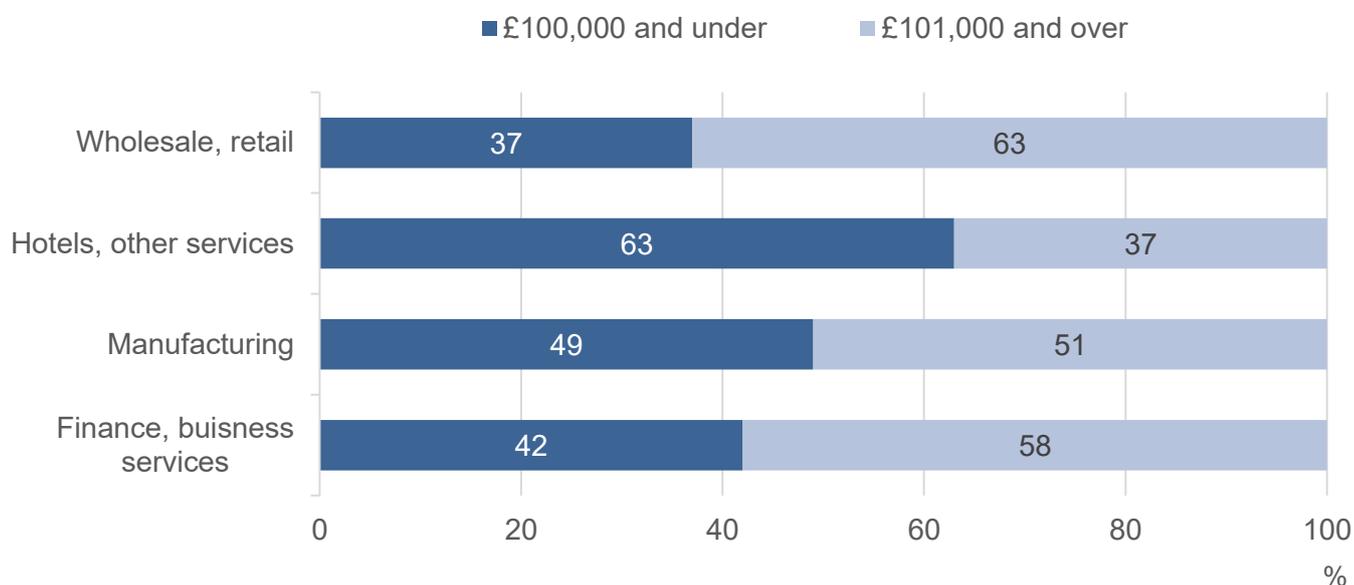
Base 130

5.5 A larger proportion of the businesses undertaking activities in “wholesale, retail” had a turnover of £101,000 and over compared to £100,000 and under (63 percent compared to 37 percent). For sampled businesses, that were undertaking activities in “hotels, other services”, more businesses had a turnover amount of £100,000 and under (63 percent) compared to businesses with a turnover amount of £101,000 and over (37 percent). Turnover amount for the manufacturing business activity was around half of businesses of £100,000 and under and £101,000 and over (49 percent and 51 percent, respectively). For sampled businesses undertaking business activities in “Finance, business services”, 42 percent of businesses had a turnover of £100,000 or under, compared to 58 percent of businesses with a turnover amount of £101,000 or over.

Figure 3.23: Business activities by amount of turnover, 2019

Respondent businesses in receipt of business rates relief undertaking “Hotels, other services” activities had the lowest proportion of their businesses with a turnover of £101,000 or more

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 120

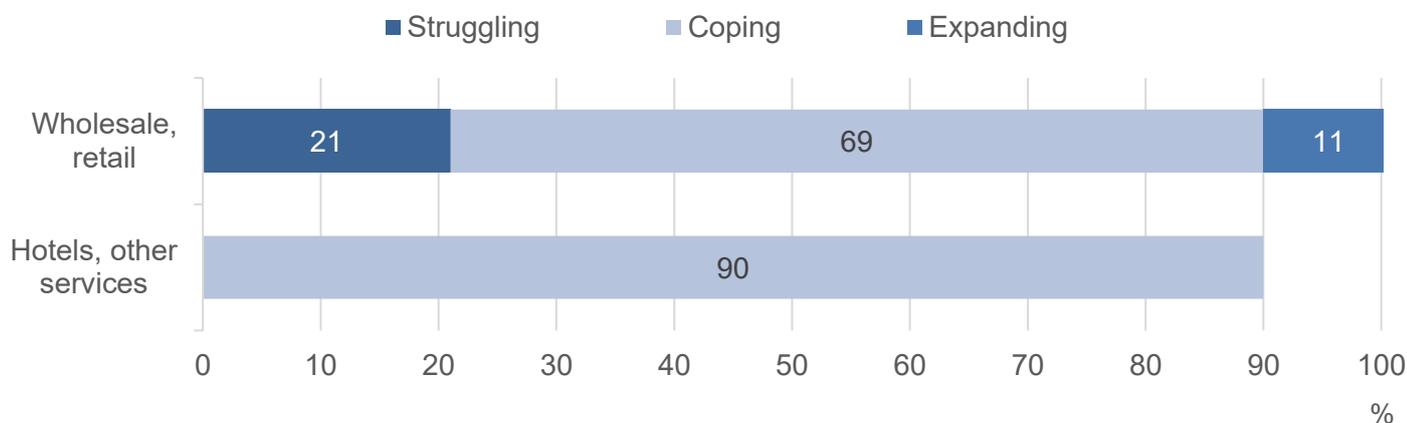
Business activities by perceptions of aspects of rates relief

5.6 Nine in 10 businesses undertaking activities in “Hotels, other services” perceived their business to be “coping” financially (90 percent), compared to just under seven in 10 businesses undertaking activities in “wholesale, retail” (69 percent). For “wholesale, retail” just over two in 10 businesses perceived their business to be “struggling” (21 percent), with just over one in ten businesses perceiving their business to be “expanding” (11 percent).

Figure 3.24: Business activities by perceived financial situation, 2019

Respondent businesses in receipt of business rates relief, nine in 10 undertaking activities in “Hotels, other services” perceived their business to be “coping” financially

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 80

1. Businesses were asked to describe their financial situation; these descriptions have been coded and grouped into three categories.
2. For “Hotels, other services” the removal of two options (struggling and expanding) means that “coping” could still be presented without risking disclosure.

5.7 For businesses receiving BRR undertaking activities in “wholesale, retail” there was a four percentage point difference between the two perceived benefits of BRR (52 percent and 48 percent). This indicates that businesses in “wholesale, retail” do not tend to perceive one of the benefits more frequently than the other.

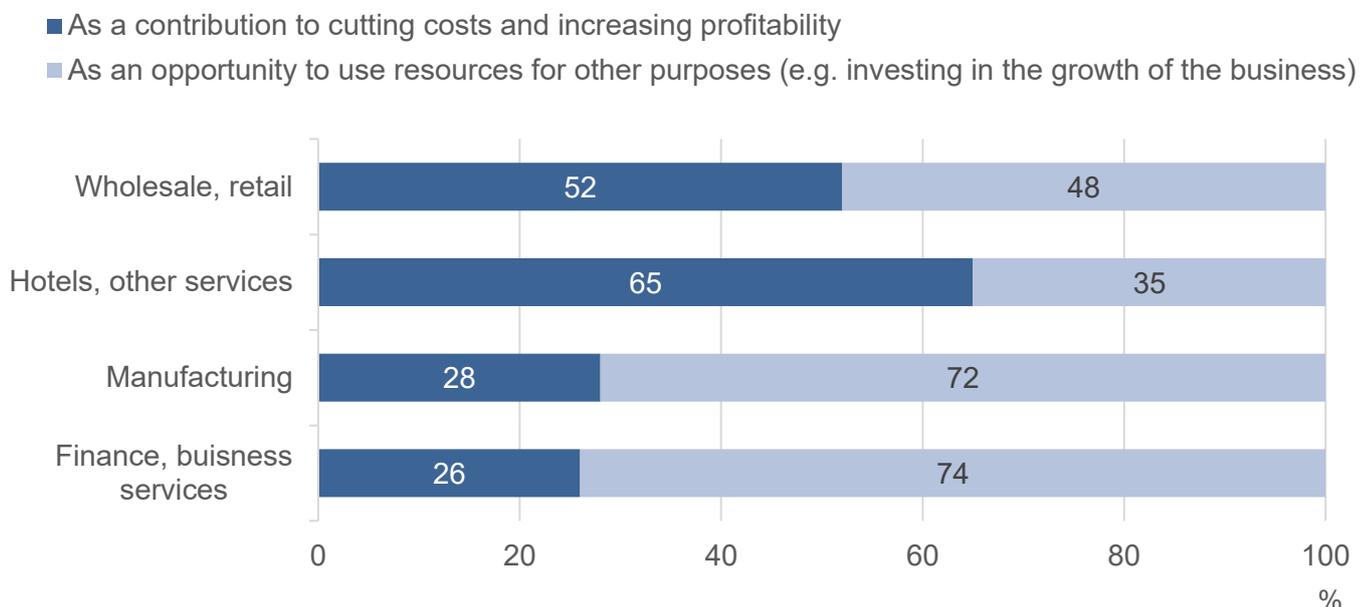
5.8 Just over a third of businesses undertaking activities in “Hotels, other services” perceived BRR to be “an opportunity to use resources for other purposes (e.g. investing in the growth of the business)”, with just under two thirds of businesses perceiving BRR to be “a contribution to cutting costs and increasing profitability” (35 and 65 percent).

5.9 For the “Finance, business services” business activities, three quarters of the businesses sampled perceived BRR to be “an opportunity to use resources for other purposes (e.g. investing in the growth of the business)” (74 percent), with one quarter perceiving the main benefit to be: “a contribution to cutting costs and increasing profitability” (26 percent). A similar pattern was found for businesses sampled undertaking “Manufacturing” where “an opportunity to use resources for other purposes (e.g. investing in the growth of the business)” was the case for 72 percent of businesses, with 28 percent perceiving the main benefit to be: “a contribution to cutting costs and increasing profitability”.

Figure 3.25: Business activities by perceived benefits of business rates relief, 2019

“Hotels, other services” businesses compared to other groups had the smallest proportion of businesses that perceived BRR as “an opportunity to use resources for other purposes (e.g. investing in the growth of the business)”

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

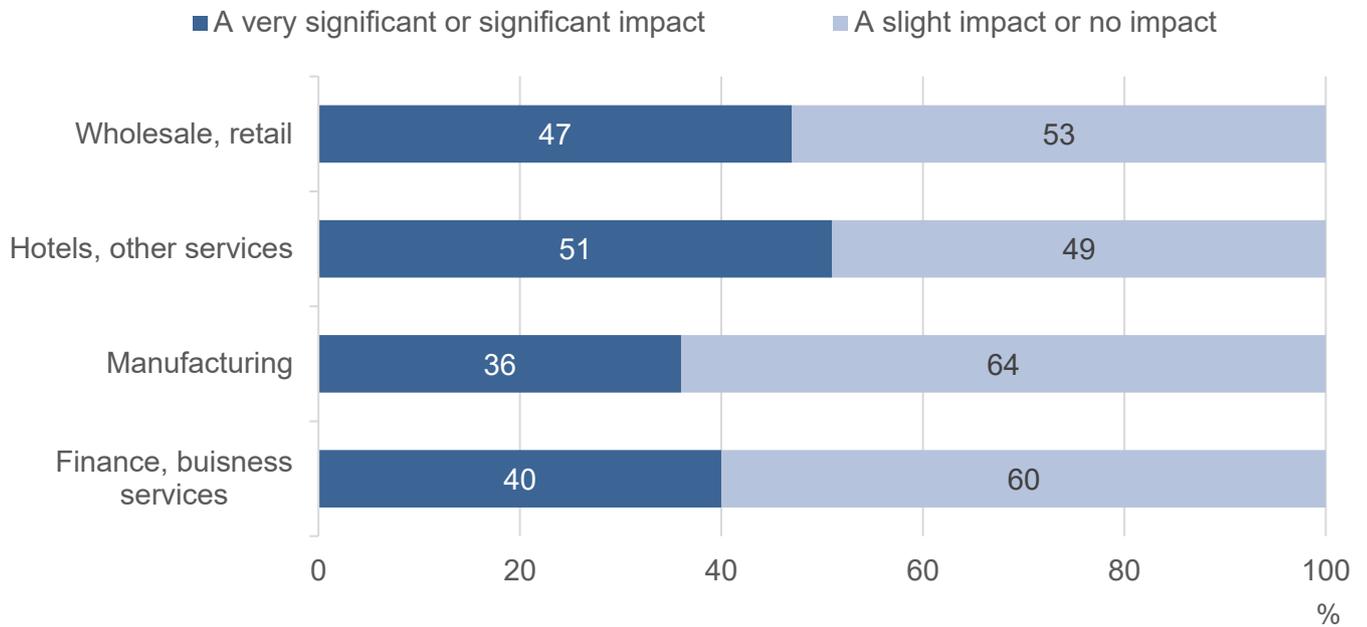
Base 120

5.10 The “hotels, other services” businesses had the highest frequency of perceiving a “very significant or significant impact” on their ability to continue trading if overheads increased by two percent. However, this split was relatively even with 49 percent perceiving “very significant or significant impact” with 51 percent perceiving “slight or no impact” on ability to continue trading from a two percent increase in overheads. The “wholesale, retail” businesses had the second highest frequency of reporting that an increase of two percent in overheads would have a “very significant or significant impact” on their ability to continue trading (47 percent). The “manufacturing” and “finance, business services” businesses more frequently perceived a “slight or no impact” on business ability to continue trading if overheads increased by two percent (64 percent and 60 percent, respectively).

Figure 3.26: Business activities by perceptions of impact on business ability to continue trading if overheads increased by two percent, 2019

“Hotels, other services” businesses had an even split with half of businesses perceiving an increase of two percent in overheads to have a “very significant or significant impact” on their ability to continue trading

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

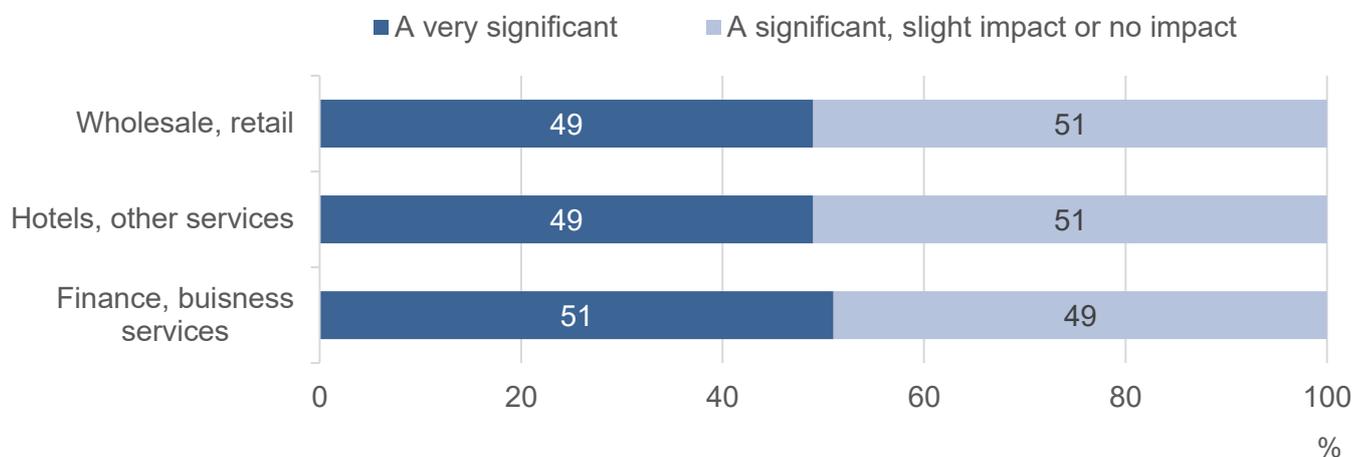
Base 120

5.11 Around half of businesses across all three of the activities: “wholesale, retail”, “hotels, other services” and “finance, business services”, perceived an increase in overheads by five percent to be “very significant” on their business’s ability to continue trading (49 percent, 49 percent and 51 percent).

Figure 3.27: Business activities by perceptions of impact on business ability to continue trading if overheads increased by five percent, 2019

Half of sampled businesses in receipt of business rates relief perceived a five percent increase on overheads would have “very significant impact” on their ability to continue trading

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 110

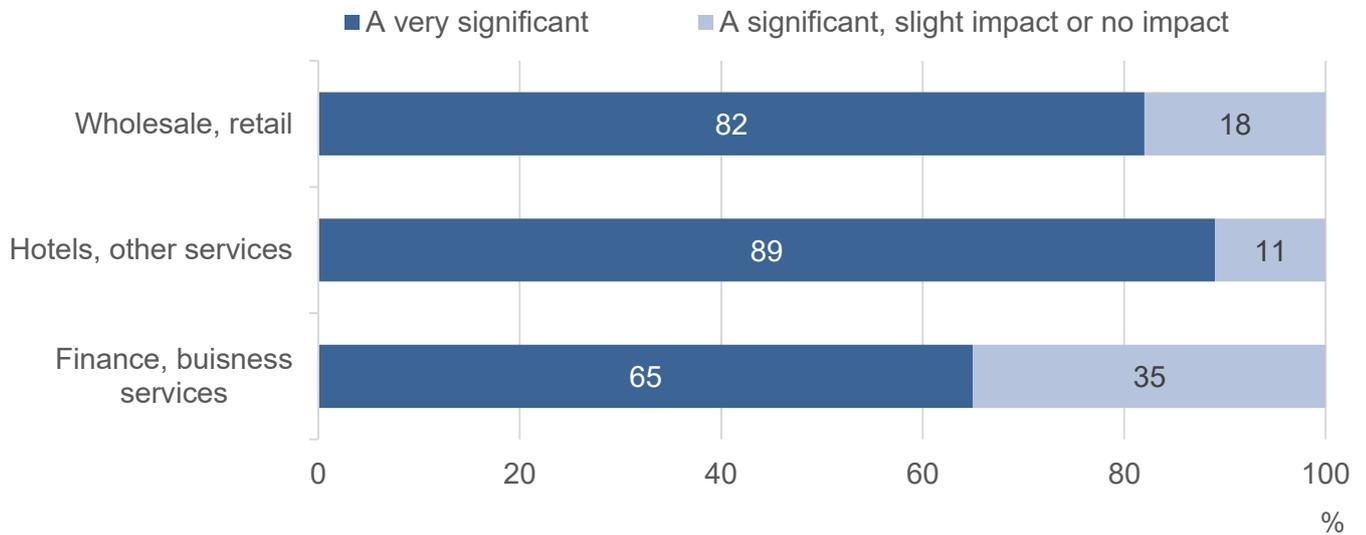
1. Given the lower number across the perceived impact ratings, categories have been combined differently from figure 2.26 to allow data to still be presented. This means the results from this chart should not be compared with figure 2.26.

5.12 Nearly nine in 10 “hotels, other services” businesses perceived there would be a “very significant impact” on the business’s ability to continue trading if overheads increased by 10 percent (89 percent). Just over eight in 10 “wholesale, retail” businesses reported that an increase of 10 percent in overheads would have a “very significant impact” on their ability to continue trading (82 percent). Whilst the majority of businesses in “finance, business services” perceived a “very significant impact” on the business’s ability to continue trading if overheads increased by two percent (65 percent), these businesses were the least likely to perceive the impact as “very significant”.

Figure 3.28: Business activities by perceptions of impact on business ability to continue trading if overheads increased by 10 percent, 2019

Nearly nine in 10 “hotels, other services” businesses perceived there would be a “very significant impact” on the businesses ability to continue trading if overheads increased by 10 percent

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 110

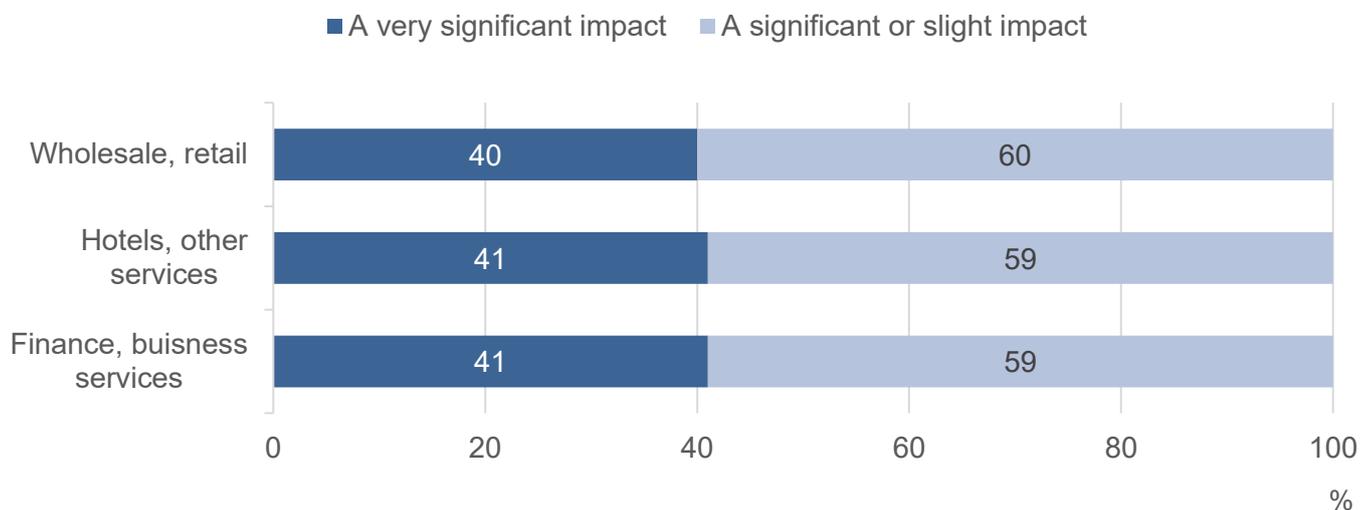
1. Given the lower number across the perceived impact ratings, categories have been combined differently from figure 2.26 to allow data to still be presented. This means the results from this chart should not be compared with figure 2.26.

5.13 There were few differences between the three business activities’ perceptions on the impact of BRR on future trading ability. Around two in five businesses across all three of the activities: “wholesale, retail”, “hotels, other services” and “finance, business services”, perceived the impact of BRR as “very significant” on their business’s ability to trade in the future (40 percent, 41 percent and 41 percent).

Figure 3.29: Business activities by perceptions of impact BRR has on ability to trade in the future, 2019

Around four in 10 businesses across all three of the activities: “wholesale, retail”, “hotels, other services” and “finance, business services”, perceived the impact of BRR as “very significant” on their businesses ability to trade in the future

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

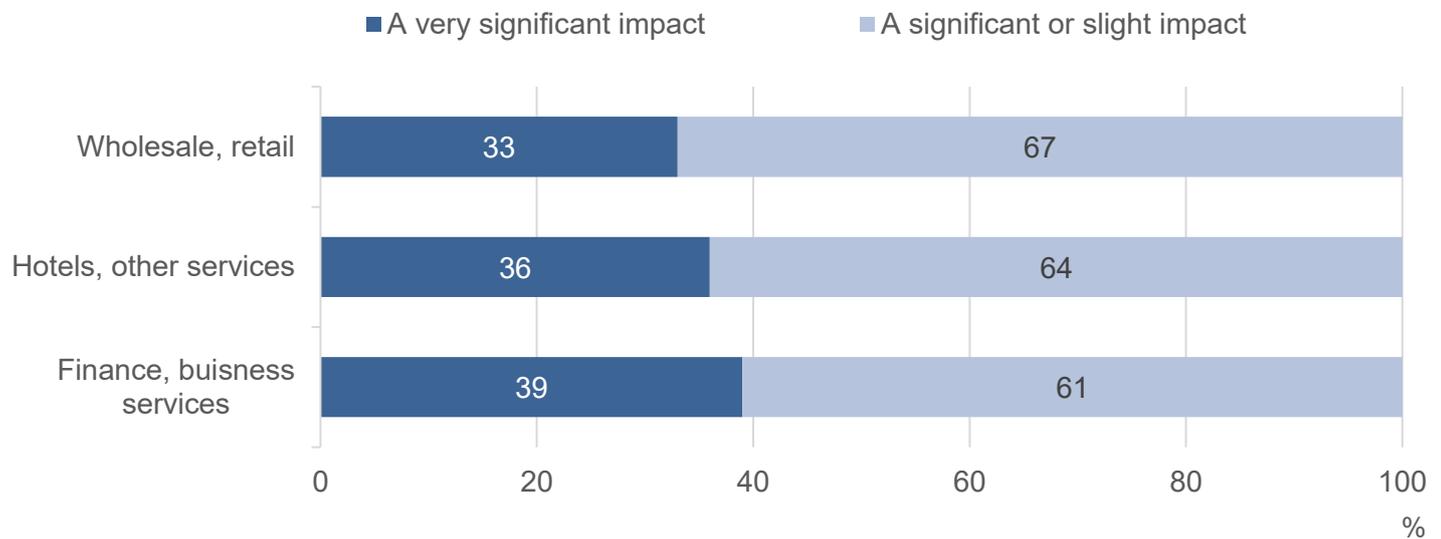
Base 100

5.14 There were some differences between the three business activities’ perceptions on the impact of BRR on ability to trade over the past 12 months. The “finance, business services” businesses most frequently perceived the impact of BRR as “very significant” on their business’s ability to trade over the past 12 months (39 percent). The businesses in “hotels, other services”, were the next most frequent to cite the perceived impact of BRR as “very significant” on their ability to trade over the past 12 months (36 percent). A third of businesses in “wholesale, retail” perceived the impact of BRR as “very significant” on their business’s ability to trade over the past 12 months (33 percent).

Figure 3.30: Business activities by perceptions of impact BRR had on ability to trade over the past 12 months, 2019

A third of businesses in “wholesale, retail” perceived the impact of BRR as “very significant” on their ability to trade over the past 12 months

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

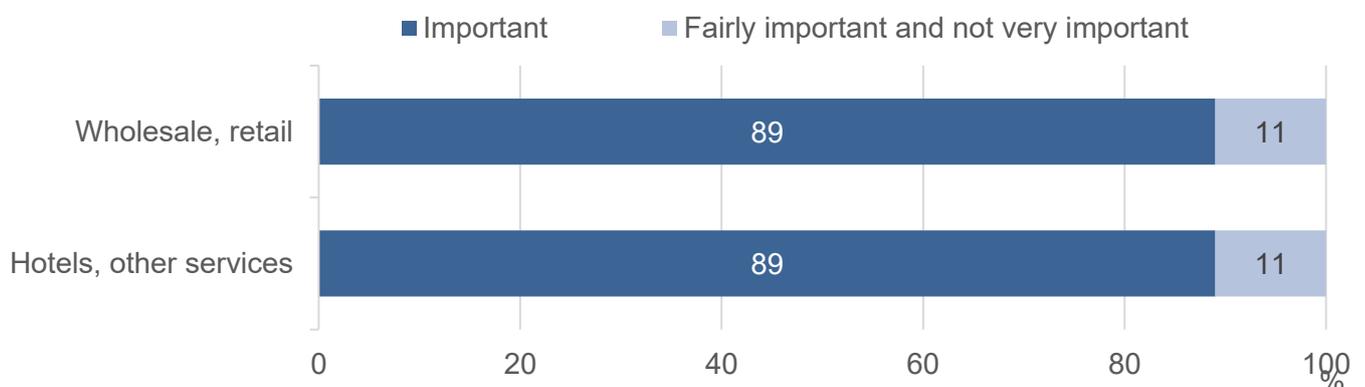
Base 100

5.15 The majority of businesses across all activities perceived BRR as “important” for businesses starting out. The business activities “wholesale, retail” and “hotels, other services”, had around nine in 10 businesses rating the importance of BRR for businesses starting out as “important” (89 percent and 89 percent).”

Figure 3.31: Business activities by perceptions of importance business rates relief had for businesses starting out on their ability to continue trading, 2019

“Wholesale, retail” and “Hotels, other services” had 89 percent of their businesses rate BRR as “important” for businesses starting out

Businesses sampled with business rates relief, Wales



Source: Beaufort Research - Business Omnibus Survey, November 2019

Base 110

1. To ensure there was no disclosure issues “not very important” and “fairly important” have been.

6. Conclusions and considerations

6.1 This report has assessed perceptions of whether SBRR has helped SMEs in Wales. All the conclusions are drawn from responses to the Beaufort Business Omnibus Survey of SMEs. This section also highlights remaining evidence gaps that further research could address, as well as considerations for policymaking.

Awareness and perceptions of NDR relief schemes

6.2 Out of the three rates relief schemes mentioned in the survey, businesses had greatest awareness of small business rates relief. However, over a third of businesses had not heard of any of the three schemes, which indicates there could either be a lack of awareness of the support available to them or, owing to the inclusion of business's that may not be eligible for BRR, it could be there is not support available to all those presented in the analysis. Given the proportion of businesses that had heard of the schemes, not all the SMEs received SBRR; this suggests that awareness is not the sole factor preventing businesses receiving rates relief, although given the design of this survey, it may be that not all businesses in the sample were eligible. Among businesses that received SBRR, the majority did not know that Welsh Government had made the SBRR scheme permanent. The majority of surveyed businesses receiving BRR believed that rates relief schemes:

- help small businesses to survive;
- enable small businesses to survive in remote rural communities; and
- offer support to small businesses to survive in deprived communities.

6.3 There was no consensus as to why businesses do not always receive support with the rates relief, with a range of reasons provided by respondents. However, many respondents did cite a lack of awareness or knowledge of support available to businesses.

6.4 Given the range of perceptions on SBRR, the Welsh Government should consider commissioning qualitative research with businesses if it is interested in exploring in greater depth the rationale behind some of these findings. Such research could also include an exploration of perceived changes for SBRR because of Covid-19.

Businesses eligible for small business rates relief

6.5 Across all regions in Wales, the majority of businesses said they did not receive SBRR but this was most pronounced in Mid Wales. Businesses engaged in "Wholesale, retail" and "Hotels, other services" had the highest proportion of businesses receiving SBRR.

- 6.6 Overall, businesses that had few employees and a small turnover were more likely to receive SBRR than businesses with more employees and a higher turnover. In addition, a slightly larger proportion of businesses who rent their property received SBRR compared with those that own their property.
- 6.7 Businesses that said they were struggling were more likely to be without SBRR. Businesses perceived that the more overheads were to increase by, the more significant the impact would be on ability to continue trading. The majority of businesses sampled who responded to the SBRR section perceived that there was some degree of impact and importance on their ability to trade in the future, in the past year and for businesses starting out. This may indicate that SBRR is perceived as important and impactful across a variety of aspects of trading across various business activities.

Businesses receiving business rates relief

- 6.8 The majority of businesses performing activities in both the “Wholesale, retail” and “Hotel, other services” are located in South East Wales. This could indicate that there are more business opportunities for SMEs undertaking these activities in the South East of Wales compared to other regions. Respondents in receipt of business rates relief were more frequently established 11 years ago or more. This may indicate there is need for SBRR for businesses to remain viable even after many years trading. “Hotels, other services” businesses had the lowest proportion of their businesses in the highest turnover category; this may indicate that these business activities have lower sales than others, or it could be a result of the seasonal element within businesses that undertake this activity.
- 6.9 A proportion of businesses receiving BRR in “Wholesale, retail” perceived their businesses as “struggling”, which may indicate that the rates relief scheme does not go far enough for this business activity. The differences in perceptions around increases to overheads may indicate the strain might be most felt by the “Wholesale, retail” and “Hotels, other services” businesses. There is no clear consensus that businesses engaging in certain activities need SBRR more than others for their ability to trade in the future.
- 6.10 Differences between business activities are not generalizable conclusions, as these differences (and thus potential indications) could be owing to an issue with small sample sizes. Welsh Government should consider running a survey again at an appropriate point in time given that this data was collected before the Covid-19 pandemic. As part of this, additional questions could be included to gauge impact of Covid-19. If there is interest in finding out about the impact of SBRR on specific industries or in specific regions, further qualitative research would be recommended to explore the issues in more depth.

7. References

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8. Annexes

Annex A - Business Omnibus Autumn 2019 Small Business Rates Relief Questionnaire

- Q1. 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.

Yes – Owned business premises CONTINUE

Yes – Rented business premises CONTINUE

No - Don't have premises THANK & CLOSE

QUESTIONS TO BE ONLY ASKED OF BUSINESSES WITH BUSINESS PREMISES

READ OUT: The next questions are about business rates, or non- Domestic rates. 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.

- Q2. What percentage of your total turnover is accounted for by your business rates? If you're not sure of the exact figure please provide your best estimate.

WRITE IN

_____ %

Don't know

- Q3. And what percentage of your total business costs is accounted for by your rates? Again, if you're not sure of the exact figures please provide your best estimate.

WRITE IN

_____ %

Don't know

- Q4. Before today, had you heard of any of the following schemes for non-domestic rates relief for businesses in Wales? READ OUT – CODE ALL AWARE OF BELOW

- Q5. Does your business receive rates relief through any of these schemes at the moment? READ OUT – CODE WHETHER RATES RELIEF RECEIVED FOR EACH BELOW)

	Q4 Awareness of schemes	Q5 Whether receive rates relief
--	-------------------------------	------------------------------------

	Heard of	Yes - receive relief	No - don't receive relief	Don't know
High Street Rates Relief Scheme				
Small Business Rates Relief Scheme				
Transitional Rates Relief				
Not heard of any of them				
Don't know				

IF RECEIVE RATES RELIEF THROUGH ANY OF THE SCHEMES AT Q5 ASK Q6 – REPEAT FOR EACH SCHEME THROUGH WHICH OBTAIN RELIEF

IF RECEIVE RATES RELIEF THROUGH HIGH STREET RATES RELIEF SCHEME

Q6a. How much rates relief do you receive through the High Street Rates Relief Scheme? If you're not sure of the exact figure please give us your best estimate of the amount. WRITE IN (IN ROUND £)

£ _____

Don't know

IF RECEIVE RATES RELIEF THROUGH SMALL BUSINESS RATES RELIEF SCHEME

Q6b. What percentage rates relief do you receive through the Small Business Rates Relief Scheme? If you're not sure of the exact percentage please give us your best estimate. WRITE IN

_____ %

Don't know

IF RECEIVE RATES RELIEF THROUGH TRANSITIONAL RATES RELIEF SCHEME

Q6c. What percentage rates relief do you receive through the Transitional Rates Relief Scheme? If you're not sure of the exact percentage please give us your best estimate. WRITE IN

_____ %

Don't know

IF RECEIVE RATES RELIEF

Q7. What impact, if any, does receiving rates relief have on your business? *Probe:* Anything else? WRITE IN VERBATIM

No impact / not made any difference – ASK Q8

Don't know

IF RECEIPT OF BUSINESS RATES HAS NOT AFFECTED BUSINESS DECISIONS

Q8. Why do you say that? WRITE IN VERBATIM

Don't know

IF RECEIVE RATES RELIEF

Q9. How much impact has the receipt of rates relief had on your ability to continue to trade over the past twelve months?

READ OUT – ORDER TO BE INVERTED BETWEEN INTERVIEWS. SINGLE CODE

A very significant impact

A significant impact

A slight impact

No impact at all

Don't know

IF RECEIVE RATES RELIEF THROUGH SMALL BUSINESS RATES RELIEF SCHEME AT Q5 ABOVE

Q10. The Welsh Government has made the Small Business Rates Relief Scheme permanent. Did you know this?

Yes

No

Don't know

IF RECEIVE RATES RELIEF THROUGH SMALL BUSINESS RATES RELIEF SCHEME AT Q5 ABOVE

Q11. What impact if any do you think that rates relief being available through this scheme permanently will have on your ability to continue to trade in future? Will it have...? READ OUT – ORDER TO BE INVERTED BETWEEN INTERVIEWS. SINGLE CODE

A very significant impact

A significant impact

A slight impact

No impact at all

Don't know

ASK ALL

Q12. How important would you say rates relief is to helping small businesses in Wales continue trading when the business is starting out (that is in the first few years of trading)? READ OUT - SINGLE CODE

Very important

Fairly important

Not very important

Not at all important

Don't know

ASK ALL

Q13. And how important would you say rates relief is to helping small businesses in Wales continue trading generally? READ OUT - SINGLE CODE

Very important

Fairly important

Not very important

Not at all important

Don't know

ASK ALL

Q14. Which one of these best sums up what you see as the benefits of rates relief? READ OUT – SINGLE CODE

As a contribution to cutting costs and increasing profitability

As an opportunity to use resources for other purposes (e.g. investing in the growth of the business)

Don't know

ASK ALL

Q15. Next some statements about the ways in which rates relief might affect small businesses in Wales in general. Please tell me whether you agree strongly, agree, neither agree nor disagree, disagree or disagree strongly that...? READ OUT – RANDOMISE ORDER

- a) It helps small businesses to survive
- b) It encourages people to set up new businesses
- c) The amount of rates relief makes little difference to business viability
- d) It offers support to small businesses in deprived communities
- e) It enables small businesses to survive in remote rural communities
- f) It gives an unfair competitive advantage to recipients
- g) The right businesses don't always receive support with their business rates

IF STRONGLY AGREE / AGREE WITH STATEMENT G) ASK

Q16. Why do you say that? WRITE IN VERBATIM

Don't know

READ OUT: Now thinking about any impact on your business if business overheads were to rise.

ASK ALL

Q17. If your business overheads increased by 2% a year, what impact do you think this would have on your business's ability to continue to trade? READ OUT – ORDER TO BE INVERTED BETWEEN INTERVIEWS. SINGLE CODE

A very significant impact

A significant impact

A slight impact

No impact at all

Don't know

Q18. If your business overheads increased by 5% a year, what impact do you think this would have on your business's ability to continue to trade? READ OUT – ORDER TO BE INVERTED BETWEEN INTERVIEWS. SINGLE CODE

A very significant impact

A significant impact

A slight impact

No impact at all

Don't know

Q19. If your business overheads increased by 10% a year, what impact do you think this would have on your business's ability to continue to trade? READ OUT – ORDER TO BE INVERTED BETWEEN INTERVIEWS. SINGLE CODE

A very significant impact

A significant impact

A slight impact

No impact at all

Don't know

CLASSIFICATION SECTION

Q20. Which of the following categories describes your business? SINGLE CODE

TO BE ROUTED FROM SIC SECTOR:

Agriculture, Fishing, Mining and Utilities – N/A

Manufacturing – N/A

Construction, Transport / communications:

- Construction
- Transport / communications

Wholesale and Retail:

- Post Office
- Retail outlet with Post Office
- Petrol station
- Other retail
- Wholesale

Finance, Real estate / business activities – N/A

Hotels, Restaurants and other services:

- Public house
- Restaurant / café
- Take away food outlet
- Hotel / guest-house / B & B
- Personal services

- Child care premises

Q21. Which of these words would you use to describe your business and its prospects at the moment? Or are there any other words you'd use? READ OUT – CODE ALL MENTIONED

Thriving

Struggling

Coping

Expanding

Contracting

Other (please write in) _____

Don't know