

Gloucester City Council

Retail, Hospitality and Leisure Business Rates Relief Scheme 2023-24

Background

Since 2019/20 the government has provided various Business Rates Retail Discount schemes for retail properties. In more recent years the scheme expanded to include the leisure and hospitality sectors.

At the Autumn Statement, the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties for 2023/24. The relief is to support the businesses that make our high streets and town centres a success and help them to evolve and adapt to changing consumer demands.

The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with 75% relief, up to a cash cap limit of £110,000 per business.

Gloucester City Council will be administering the scheme in accordance with Government guidelines – a full copy of which can be found at:

<https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance/business-rates-relief-202324-retail-hospitality-and-leisure-scheme>

Legal Provision

Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act 2011) gives discretionary powers to Local Authorities to grant relief to reduce business rates bills. The cost of relief to the Local Authority can be recovered from the Government by way of grant under section 31 of the Local Government Act 2003.

To access the funding, the Local Authority is required to establish a discretionary scheme for administering the relief under Section 47.

Eligibility Criteria

Eligible hereditaments which benefit from the relief will be those which for a chargeable day in 2023/24:

a. meet the eligibility criteria as outlined below,

and

b. the ratepayer for that chargeable day has not refused the relief for the eligible hereditament. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2024. Hereditaments where the ratepayer has refused the relief are considered ineligible for the relief and the ratepayer cannot subsequently withdraw their refusal for either all, or part of, the financial year.

For the avoidance of doubt billing authorities may not grant the discount to themselves or certain precepting authorities, such as parish councils or county councils.

Eligible Criteria:

Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of the following conditions for the chargeable day:

they are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- for assembly and leisure; or
- as hotels, guest & boarding premises and self-catering accommodation,

We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

Hereditaments which are being used as cinemas

Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

We consider assembly and leisure to mean:

Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs and institutions

We consider hotels, guest & boarding premises and self-catering accommodation to mean:

Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

To qualify for the discount the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use, rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The preceding lists are not exhaustive as it is impossible to list the many varied retail uses in existence, but is a guide and any retail business considered by Gloucester City Council as broadly similar in nature to those listed above will be considered as eligible for the Retail, Hospitality and Leisure Business Rates Relief Scheme.

Ineligibility Criteria

The Government has given a list of types of uses that it does not consider to be retail and thus, these properties will not benefit from the retail discount relief

i) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short term loan providers, betting shops)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents, financial advisors, employment agent, estate agents, letting agents)
- Post office sorting offices

The list of ineligible properties is also not exhaustive and Gloucester City Council will consider any properties offering services broadly similar to those listed above to be not eligible for retail discount relief.

ii) Hereditaments that are not reasonably accessible to visiting members of the public

Retail, Hospitality and Leisure Business Rates Relief

The Retail, Hospitality and Leisure Business Rates Relief of 75% is effective from 01 April 2023.

Businesses that meet the eligibility criteria will automatically be awarded the Retail, Hospitality and Leisure Business Rates Relief AFTER mandatory reliefs and other discretionary reliefs have been applied to the account

The only exception to this is if a locally relevant hardship payment is made. In these cases, Retail Discount will be applied BEFORE the hardship payment.

Discounts and reliefs will be considered in the following order:

- Transitional Relief
- Mandatory Reliefs (as determined in legislation)
- S.47 Discretionary Relief in the following order:

I. 2023 Supporting Small Business (SSB)

II. Former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable, CASC and rural top up, not for profit) should be applied first in the sequence of discretionary reliefs, after SSB

III. Other discretionary (centrally funded) including, Freeport relief

IV. 2023/24 Retail Hospitality and Leisure relief scheme

V. Other locally funded schemes (such as hardship)

Cash Cap and Subsidy Control

No ratepayer can, in any circumstances, exceed the £110,000 cash cap across all of their hereditaments in England.

Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another:

a. where both ratepayers are companies, and

i. one is a subsidiary of the other, or

ii. both are subsidiaries of the same company; or

b. where only one ratepayer is a company, the other ratepayer (the “second ratepayer”) has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.

The Retail Hospitality and Leisure Business Rates Relief Scheme is likely to amount to subsidy. Any relief provided by Local Authorities under this scheme will need to comply with the UK’s domestic and international subsidy control obligations. Ratepayers will be asked to corroborate that they are eligible for the relief and that they are aware of their duty to comply with subsidy rules. Further guidance can be found here [Statutory Guidance for the United Kingdom Subsidy Control Regime \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101421/statutory-guidance-for-the-united-kingdom-subsidy-control-regime.pdf)

Please note a holding company and its subsidiaries are currently eligible to receive up to £315,000 (Minimal Financial Assistance (MFA) threshold) subsidiaries) in a 3-year period (consisting of the 2023/24 year and the 2 previous financial years). Expanded Retail Discount granted in 2021/22 does not count towards the £315,000 allowance but BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted.

In cases where it is clear to Gloucester City Council that the ratepayer is likely to breach the cash cap or the Minimal Financial Assistance limit then relief will automatically be withheld.

Where relief is granted, the council will ask ratepayers to self assess their situation and inform the authority if they are in breach of the cash cap or the minimal financial assistance limit. A declaration will be supplied to the ratepayer to facilitate this and a copy will be available on the council’s website.

Application Process and Administration

The Revenues team of Gloucester City Council will identify qualifying businesses using the criteria as set out above. Where there is a clear eligibility to Retail, Hospitality Leisure Business Rates Relief it will -be applied automatically to the business rate bill, and issued to the business during the annual billing process.

Relief will be recalculated or cancelled to reflect any change in circumstances that affect entitlement, changes to entries in the Rating List, or where any of the conditions cease to be met.

Where relief has been awarded businesses must notify the council within 21 days of any change of circumstances that could affect their entitlement to the relief.

Review of Decision

Rate reliefs made under the local authority's discretionary powers have no formal right of appeal. However, ratepayers dissatisfied with the authority's decision may request a review/reconsideration to the Section 151 Officer at Gloucester City Council. The business must clearly outline their reasons for the appeal and supply any documentation in support of their appeal.

The request for a reconsideration must be made within 28 days of the business being issued with an award decision.

The decision on eligibility and Retail Discount Relief will be made by the Section 151 officer within 14 days of any appeal and the business will be notified in writing of the decision.