

CABINET

**COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO
HOLDER
REPORT NO. FIN2306**

14th March 2023

**KEY DECISION?
YES/NO**

**BUSINESS RATES – RETAIL DISCOUNT & HOSPITALITY AND LEISURE
RELIEF SCHEME**

SUMMARY:

This report seeks approval to adopt a local policy to enable the council to award retail, hospitality, and leisure relief from business rates with effect from 1 April 2023 to local businesses, as announced in the Chancellor of the Exchequers 2022 autumn statement.

RECOMMENDATIONS

Cabinet are recommended to:

- 1) Establish a local Retail Hospitality and Leisure Business Rates Relief Scheme for reducing business rates liabilities as set out in this report.

1. INTRODUCTION

- 1.1 The government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve.
- 1.2 Therefore, the Chancellor of the Exchequer announced a new form of Retail, Hospitality and Leisure Business Rates Relief Scheme (RHL) for the financial year commencing 1st April 2023.

2. BACKGROUND

- 2.1 At the Autumn Statement on 17 November 2022 the chancellor announced the introduction of a new business rates relief scheme for businesses in the retail, hospitality, and leisure sector for the year 2023/24. This will help 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, and the current cost of living crisis.

- 2.2 The 2023/24 RHL scheme will provide eligible, occupied, retail, hospitality, and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business.
- 2.3 The Government has provided guidance about the operation and delivery of the relief.
- 2.4 Full details of this guidance can be found at [Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme, local authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/business-rates-relief-2023-24-retail-hospitality-and-leisure-scheme)

3. PROVISION OF RELIEF

- 3.1 As the new measures announced will only apply for the financial year 2023/24, the Government is not proposing to change the business rates legislation.
- 3.2 Billing authorities will be expected to use their existing discretionary powers, under S.47 Local Government Finance Act 1988, as amended, to grant this new relief for retail properties.
- 3.3 Billing authorities will be compensated for the cost of awarding this relief through a Section 31 grant from Government.

4 PROPERTIES THAT WILL BENEFIT FROM THE RELIEF

- 4.1 Businesses that will benefit from the relief will be those occupying a property within the retail, hospitality, and leisure sectors.
- 4.2 Full details of the type of businesses that will qualify for this relief are contained in our local policy in Appendix 1 of this report. A summary of these types of businesses are highlighted below: -
 - Properties that are being used for the sale of goods to visiting members of the public.
 - Properties that are being used for the provision of services to visiting members of the public, such as Hair and Beauty services, shoe repairs, travel agents, ticket offices, dry cleaners, launderettes, PC/TV domestic appliance repair, funeral directors, photo processing, tool hire and care hire.
 - Properties that are being used for the sale of food and/or drink to visiting members of the public.
 - Properties that are being used as cinemas.
 - Properties that are being used as live music venues.
 - Properties that are being used for the provision of sport, leisure and facilities to visiting members of the public (including the viewing of such activities).
 - Properties that are being used for the assembly of visiting members of the public, such as public halls, clubhouses, clubs and institutions.
 - Properties where the non-domestic part is being used for the provision of living accommodation as a business, such as hotels,

guest and boarding houses, holiday homes and caravan parks and sites.

4.3 Properties that will not be considered for this relief are as follows: -

- Financial Services (such as banks, building societies, cash points, bureaux de change, short-term loan providers and betting shops),
- Medical Services (such as vets, dentists, doctors, osteopaths, and chiropractors.
- Professional Services (such as solicitors, accountants, insurance agents, financial advisors, employment agencies, estate agents and letting agents.
- Post office sorting offices; and
- Headshops or those selling drugs paraphernalia.

5 IMPLEMENTATION

5.1 The businesses set to qualify for the RHL Relief have already been identified and currently in receipt of the RHL Relief under the 2022/23 scheme.

5.2 All businesses will automatically have their relief increased to 75 per cent, with a cash cap of £110,000 for the year 2023/24. However, these businesses will also be sent a covering letter and asked to advise the Business Rates Team if the award of this relief means they are in breach of cash cap or subsidy control limits.

5.3 The scheme will also be available on the Council's website whereby businesses can apply for this relief if they have not already been identified.

6. IMPLICATIONS

Legal Implications

6.1 Local Authorities are expected to deliver the scheme through the use of their discretionary powers under Section 47 of the Local Government Finance Act 1988.

6.2 The issue of some discretionary rate reliefs and discounts are considered as qualifying as "subsidy" and is of some significance.

6.3 Broadly, any awards of discretionary rate relief or discounts are subject to Subsidy Control. The Subsidy Control Act allows a business to receive £315,000 in a three-year period (consisting of the current financial year and the two previous financial years).

6.4 Expanded Retail Discount granted in 2021/22 does not count towards the £315,000 allowance but any other subsidies such as Covid-19 business grants claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement will be counted.

- 6.5 Therefore, any organisation or business, who is automatically awarded the RHL Relief, will be issued with a letter advising the organisation/business about “Subsidy Controls” and on a self-assessment basis, inform the Business Rates Team if they are in breach of the cash cap or subsidy control limits.

Financial and Resource Implications

- 6.6 If all organisations identified are awarded the RHL, the total value of the award will be approximately £5.1m benefiting 411 businesses.
- 6.7 Government will reimburse billing authorities awarding this relief within the rates retention scheme for the actual cost of this relief. The amount to be reimbursed will equal the total value of the relief awarded.
- 6.8 Therefore, there will be no financial impact on the Council but would have a benefit to certain ratepayers within the borough.

7 CONCLUSIONS

- 7.1 In conclusion, Cabinet are asked to approve the new discretionary RHL Relief policy as attached at Annexe 1 of this report.
- 7.2 The relief will be delivered using existing Discretionary Powers under Section 47 Local Government Finance Act 1988 and the Council will be reimbursed for all discounts awarded under this scheme.
- 7.3 This proposal to assist retail premises in the borough will directly benefit a number of retailers in what is at present a challenging retail sector.

BACKGROUND DOCUMENTS:

Discretionary Relief - Retail, Hospitality and Leisure Relief Policy

S47 Local Government Finance Act 1988

Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 989 1059).

Business Rates Information Letter (7/2022) – Business Rates Guidance and general information

[7/2022: Business rates guidance and general information - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/business-rates-guidance-and-general-information-7-2022)

DLUHC Business Rates Retail Discount – Guidance

[Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme, local authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/business-rates-relief-2023-24-retail-hospitality-and-leisure-scheme-local-authority-guidance)

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