

8th July 2025

KEY DECISION? YES/NO

REPORT NO. FIN2511

FILM STUDIO RATE RELIEF POLICY

SUMMARY:

The Government has announced a new scheme of relief to limit the amount of business rates payable by Film Studios to 60% of their net rates payable for any financial year, backdated to 1st April 2024.

As the scheme is designed for a limited period only, the Government is not making changes to legislation, but instead providing detailed guidance, and asking local authorities to use their discretionary powers under S47 of the Local Government Finance Act 1988, to award this relief.

To enable the council to use its discretionary powers, a Film Studio Rate Relief policy needs to be adopted by the council.

There are no financial implications in awarding film studio relief. 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.

RECOMMENDATIONS:

Cabinet are recommended to approve the Film Studio Rate Relief Policy as set out in Appendix A of this report.

1. INTRODUCTION

- 1.1. The purpose of this report is to introduce a new business rates relief, introduced by Government to support Film Studios, for a period of 10 years, covering the period 1 April 2024 to 31 March 2034.
- 1.2. This is a government led initiative and the Council is keen to support certain businesses within this sector.

2. BACKGROUND

- 2.1. The 2025-26 Film Studio Relief scheme will provide all business premises identified as a Film Studio by the Valuation Office Agency (VOA) with a 40% relief. This relief will be provided until 2034 and will be backdated to 1st April 2024.
- 2.2. The film studio sector is uniquely placed in comparison to other sectors. Film studios are responsible for the production of a significant quantity of economic spillovers, but are also a lynchpin for film production, which is one of the UK's most important exports, and brings with it significant cultural benefits to UK society, as well as strengthening the UK's soft power and global standing abroad. However, although film studios themselves are immovable, film productions are highly internationally mobile, which means that they can readily move wherever is cheapest.
- 2.3. In order to absorb the increased business rates liabilities which have arisen for the sector, the government's assessment is that (in the absence of this subsidy scheme) studios in England would be required to pass through the costs charged to productions, thereby significantly increasing the cost of filming in England. This passthrough of costs would reduce the competitiveness of the UK as a filmmaking destination, and lead to more films moving abroad. The consequence of this would be a weakening of the UK's film output, and of the economic spillovers and cultural benefits which accompany the production of UK film.
- 2.4. The scheme is available to any properties assessed as "film studios" for valuation purposes by the VOA. The government estimates that around 40 properties (one in Rushmoor), will be eligible for this scheme.
- 2.5. Rushmoor Borough Council will be fully compensated by government for the loss of income because of this relief. The scheme will be backdated to 1 April 2024.

3. DETAILS OF THE PROPOSAL

General

- 3.1. At the Budget on 6 March 2025, the government announced a new scheme of relief and eligible film studios in England will receive a 40% reduction on gross business rates bills until 2034.
- 3.1. This is a government led initiative, but billing authorities are expected to deliver the scheme using their discretionary powers under Section 47 of the Local Government Act 1988, and as such a policy needs to be adopted by Cabinet, to deliver this relief.
- 3.3. The proposed policy is contained in Appendix A of this report and is called "Rushmoor Borough Council - Film Studio Relief (2025-26)".

The council has followed guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG) when devising this policy. The guidance can be found at the following link.

[Business rates: Film studio relief - local authority guidance - GOV.UK](https://www.gov.uk/guidance/business-rates-film-studio-relief-local-authority-guidance)

- 3.4. The purpose of the scheme is to limit business rates liability to 60% of the business rates payable for any financial year beginning 1 April 2024, factoring in any other reliefs the film studio may already be entitled to.
- 3.6. There are no occupation conditions for film studio relief. Relief is available irrespective of whether the property is occupied or not.
- 3.5. There is one film studio in the Rushmoor area, which is located on the Farnborough Airport Site.
- 3.6. The scheme works by fixing a maximum level of business rates which can be charged for any financial year at 60% (maximum chargeable amount) of the gross rates calculated based on the rateable value and relevant multiplier. If the account is also subject to transitional relief following a revaluation, then the level of film studio is adjusted to reflect this.

For example, if transitional relief is awarded which is the equivalent to 10% of the gross rates payable, then the film studio would be awarded for 30%, bringing the total bill to 60% of the gross rates payable.

If transitional relief is the equivalent to 40% or more of the gross rates payable, then no film studio relief will be awarded.

- 3.6. An example of how film studio relief is calculated for the financial years 2024/25 and 2025/25 is illustrated below: -

	2024/25	2025-26
Gross Rates Bills before reliefs	551,235.62	610,500.00
Less Transitional Relief	- 259,975.92	- 137,153.89
Net Rates Payable	291,259.70	473,346.11
Calculation of Film Studio Relief		
Gross Rates Payable	551,235.62	610,500.00
Maximum Chargeable Amount (60% of gross rates payable)	330,741.37	366,300.00
Film Studio Relief Entitlement (Net Rates Payable minus Maximum Chargeable Amount)	-	107,046.11

- 3.7. For the financial year 2024/25 there is no entitlement to film studio relief as their net rates payable is less than 60% of the gross rates payable when factoring in Transitional Relief.

- 3.8. For the financial year 2025/26 film studio relief is awarded to the value of £107,046 when factoring in Transitional Relief.

Alternative Options

- 3.9. The only alternative option is not to introduce the scheme. However, this would cause a financial risk to the film studio and the risk of reputational damage to the Council.

4. IMPLICATIONS (of proposed course of action)

Legal Implications

- 4.1. Local Authorities are expected to deliver the Retail, Hospitality and Leisure discount using their discretionary powers under Section 47 of the Local Government Act 1988.
- 4.2. The issue of some discretionary rate reliefs and discounts are considered as qualifying as “subsidy” and is of some significance.
- 4.3. Broadly, any awards of discretionary rate relief or discounts are subject to Subsidy Control. The Subsidy Control Act 2022 allows a business to receive £315,000 in a three-year period (consisting of the current financial year and the two previous financial years).
- 4.4. Therefore, any organisation or business, who is automatically awarded the Film Studio 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 subsidy control limits.

Financial Implications

- 4.5. There are no financial implications in awarding film studio relief. 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.

Equalities Impact Implications

- 4.6. An equality check found that this proposal is likely to have a neutral impact on people with protected characteristics. However, some potential indirect impacts have been identified – particularly in relation to age, disability, sex, race and pregnancy/maternity. We would recommend monitoring of these by the studio, and to consider the impact once relief has been awarded.

As a result, a full equality impact assessment is not required at this stage.

5. CONCLUSIONS

- 5.5. In conclusion, Cabinet are asked to approve the Film Studio Relief policy as laid out in Appendix 1 of this property.
- 5.6. The Film Studio Relief will be delivered under Section 47 Local Government Finance Act 1988 and the council will be reimbursed for all reliefs awarded under this scheme.

LIST OF APPENDICES/ANNEXES:

Appendix 1 – Film Studio Relief (2025-26)

BACKGROUND DOCUMENTS:

Section 47 Local Government Finance Act 1988

[Business rates: Film studio relief - local authority guidance - GOV.UK](#)

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