



Report

7 February 2024

To the Chair and Members of the Cabinet

Retail, Hospitality and Leisure scheme for Business Rates 2024/25

Relevant Cabinet Member(s)	Wards Affected	Key Decision?
Mayor Ros Jones	All	Yes

EXECUTIVE SUMMARY

1. At the Autumn Statement 2023 the Chancellor announced an extension of the Retail, Hospitality and Leisure (RHL) Scheme for Business Rate Relief to apply for the year 2024/25.
2. The 2024/25 Retail, Hospitality and Leisure (RHL) relief 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.
3. From an analysis of Business Rates records, the estimated number of eligible businesses qualifying for the RHL relief scheme would be around 1,057 receiving relief of around £8,614,105.
4. The Government is not introducing new legislation for this relief. Instead, local authorities are expected to use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (as amended) to grant the reliefs in line with the relevant eligibility criteria. Local authorities will be compensated for the cost of granting the reliefs through a Section 31 grant from Government.
5. The legislation states that the Authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Taxpayers in its area. Given the Government has committed to reimburse local authorities for this, it is deemed to be in the interests of local Council Taxpayers to award it. Awarding these reliefs at such a difficult time in the wake of the Covid pandemic and during a significant cost of living crisis and will also support the Council's priority outcome of "Making Doncaster the best place to do business and create good jobs" supporting Doncaster businesses to flourish.



6. The Department for Levelling Up, Housing and Communities have issued guidance for the schemes. Local authorities are required to have regard to any relevant government guidance when deciding whether to grant relief.

EXEMPT REPORT

7. This report is not exempt.

RECOMMENDATIONS

8. It is recommended that Cabinet,
 - Approves the proposed Retail, Hospitality and Leisure (RHL) relief scheme at Appendix 1, which will potentially benefit around 1,057 local businesses with relief totalling around £8,614,105.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. Around 1,057 local businesses are eligible for Business Rate relief in 2024/25 under this proposal. In addition to the eligible businesses who will receive financial support under these schemes, the citizens of Doncaster generally will benefit from the schemes as the reliefs support these businesses and, in turn, the local economy. This is especially important at this time following the Covid pandemic and current cost of living crisis

BACKGROUND

10. Since the financial year 2019/20 the Government has provided a Business Rates relief scheme for properties in the retail sector. Initially the relief applied to occupied retail properties with a rateable value of less than £51,000 that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. The value of relief was to be one third of the bill and would be applied after all other mandatory and discretionary reliefs.
11. Since the initial scheme was announced, the amount of relief, the properties to be included in the scheme and the rateable value limits have changed several times. The scheme for 2022/23 announced in the 2021 Budget introduced a business rates relief scheme for retail, hospitality and leisure properties, which provided eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business. The scheme for 2023/24 announced in the 2022 Autumn Statement, provided eligible, occupied, retail, hospitality and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business.

12. At the Autumn Statement on the 22nd November 2023, the Chancellor announced the 2024/25 Retail, Hospitality and Leisure (RHL) relief scheme, which will provide eligible, occupied, retail, hospitality and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business, which is a further year's extension to the current scheme.

13. The Department for Levelling Up, Housing and Communities (DLUHC) have issued guidance for the Retail, Hospitality and Leisure Business Rates Relief scheme. Properties that will benefit will be occupied hereditaments that are wholly and mainly being used:

- i. As shops, restaurants, cafes, drinking establishments, cinemas or live music venues;
- ii. For assembly and leisure;
- iii. As hotels, guest & boarding premises and self-catering accommodation

The full list of premises included within the above definitions in the DLUHC guidance are shown within the scheme at Appendix 1. The guidance points out that the list is not intended to be exhaustive and that it is for local authorities to determine for themselves whether particular properties not listed are broadly similar in nature to those specified in the guidance and, if so, consider them eligible for the relief.

14. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments that are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

15. The DLUHC guidance also sets out the types of uses that the Government does not consider to be retail use for the purpose of the Retail, Hospitality and Leisure Business Rates Relief scheme:

- i. Hereditaments that are being used for the provision of the following services to visiting members of the public;
 - a. Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
 - b. Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - c. Professional services (e.g. solicitors, accountants, insurance agents/financial advisers, employment agencies, estate agents, letting agents)
 - d. Post office sorting offices
- ii. Hereditaments that are not reasonably accessible to visiting members of the public.

In line with legal restrictions in section 47 (8A) of the Local Government Finance Act 1988 billing authorities may not grant the relief to themselves or other precepting authorities.

16. Subject to the £110,000 cash cap per business, the total amount of government-funded relief available for each property for 2024/25 under this scheme is:
- a. For chargeable days from 1 April 2024 to 31 March 2025 75% of the chargeable amount.
17. The relief should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, but before those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants. However, as required in the NNDR3 guidance notes, the former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before Retail, Hospitality and Leisure relief. Authorities may use their discretionary powers to offer further discounts outside this scheme or additional relief to hereditaments within the scheme. However, where an authority applies a locally funded relief under section 47, this should be applied after the Retail, Hospitality and Leisure relief.
18. Subject to the cash cap, the eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2024/25:
- Amount of relief to be granted = $V \times 0.75$, where:
- V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any certain other discretionary reliefs in line with the guidance in paragraph 17 above.
19. From an analysis of Business Rates records, there are approximately 4,511 premises that meet the general criteria for the Retail, Hospitality and Leisure relief. However, after taking into account other reliefs including Small Business Rates Relief (SBRR), exemptions and empty premises, there are potentially around 1,057 premises that will receive the relief. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap, per business.
20. Under the cash caps, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
21. 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.

22. The Retail Hospitality and Leisure 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 which commenced on 4 January 2023.

23. The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the definitions in this scheme. Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non-Domestic Rate Return 1 (NNDR1) for 2024/25. Central government will provide payments to authorities to cover the local share. Local authorities will also be asked to provide outturn data on the actual total cost for providing the relief, via the National Non-Domestic Rate 3 (NNDR3) forms. Any required reconciliations will then be conducted at these points.

24. The government expects billing authorities to apply and grant relief to qualifying ratepayers from the start of the 2024/25 billing year.

OPTIONS CONSIDERED

25. Option 1: Do Nothing

The Government has not legislated for this relief scheme but has, instead, advised that local authorities can use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988, as amended, to grant relief. However, as Central Government is providing funding for the scheme, and they will support local businesses as they continue to deal with the coronavirus outbreak and contribute towards the corporate priority of supporting local businesses, this option is not recommended.

Option 2: Award relief under different criteria to the government guidance and eligibility criteria

Using section 47 discretionary relief powers, the Council could decide on different criteria to award relief other than that specified in the government guidance. However, this option is not recommended as the relief would not then be funded via Section 31 Central Government grant and the cost of the relief would have to be met by the Council.

Option 3: Award relief in line with the government guidance and eligibility criteria


Central Government will reimburse billing authorities and those major precepting authorities for the actual cost to them under the rates retention scheme of this relief scheme that fall within the definitions in the DLUHC guidance. This is the recommended option for the Retail, Hospitality and Leisure relief scheme for 2024/25.





REASONS FOR RECOMMENDED OPTION

26. Option 3 is the recommended option as this supports the Government's intentions to recognize the challenges faced by businesses at the current time and ensures the Council is fully reimbursed for the relief awarded.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

27.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change	✓			
<p>This relief scheme will reduce local businesses financial obligations for their Business Rates liability to allow them to reinvest in areas of greener and environmentally friendly technology to allow them to thrive during the current cost of living crisis.</p>				
 Developing the skills to thrive in life and in work	✓			
<p>This relief scheme will reduce local businesses financial obligations for their Business Rates liability to allow them to reinvest in training and development areas to allow them to thrive during the current cost of living crisis.</p>				
 Making Doncaster the best place to do business and create good jobs	✓			
<p>Awarding relief to eligible businesses will support businesses during this difficult period as they continue to feel the effects of the Covid pandemic and cost of living crisis. This in turn supports the local Doncaster economy and makes the city a thriving place to work.</p>				
 Building opportunities for	✓			

healthier, happier and longer lives for all				
This relief allow businesses to survive and plan for the future giving their employees sustainable job security.				
 Creating safer, stronger, greener and cleaner communities where everyone belongs	✓			
This relief is largely aimed at small local businesses that are at the heart of local communities.				
 Nurturing a child and family-friendly borough	✓			
This relief is in the hospitality and leisure sectors allowing families to enjoy activities and experiences all together.				
 Building Transport and digital connections fit for the future	✓			
This relief is mainly for small businesses and encourage growth in technological innovation.				
 Promoting the borough and its cultural, sporting, and heritage opportunities	✓			
This relief is in the hospitality and leisure sectors which promotes Doncaster's cultural identity.				
Fair & Inclusive	✓			
This relief applies across all wards of the city.				

28. Legal Implications [Officer Initials: _SRF_ | Date: _05.01.24_]

Local authorities can grant discretionary rate relief as described in this report using its powers under section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011.

The legislation states that the local authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Taxpayers in its area. Given that the Government will provide full funding for the schemes and such businesses are in need of assistance and meet the definitions set out within the Government guidance it is reasonable to deem the proposed scheme to be in the interests of the Authority's Council Taxpayers and to award the relief.

The legislation also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief and the proposed scheme is in line with that guidance. As identified within the report, such rate relief may amount to Subsidy and the provision of any relief must comply with UK's domestic and international subsidy control obligations. In such cases Rate Relief can only be provided if it falls within the Minimal Financial Assistance thresholds.

29. Financial Implications [Officer Initials: CC | Date: 05/01/2024]

Central Government will reimburse City of Doncaster Council as the billing authority and the major precepting authority (i.e., South Yorkshire Fire and Rescue), for the cost of the relief via a grant under section 31 of the Local Government Act 2003. Therefore, it is not estimated to be detrimental to the Council's financial position to grant the relief. The estimated number of hereditaments and level of relief will be set out in the NNDR1 return to government, with the final claim data set out in the NNDR3 return after the end of the relief period.

30. Human Resources Implications [Officer Initials: SH | Date: 08.01.24]

There are no specific HR implications associated with the approach as it is anticipated that the administration of the schemes will be managed within existing resources

31. Technology Implications [Officer Initials: PW | Date: 05/01/24]

There is existing functionality within the NEC Revenues and Benefits system to identify the qualifying businesses and apply the Business Rate Relief scheme outlined in this report. As such, there are no technology implications.

RISKS AND ASSUMPTIONS

32. There is a risk of failure to identify qualifying businesses and award the relief accordingly. This risk will be managed by thorough checking of Business Rates records to ensure all qualifying businesses are identified, and publicity of the schemes on the Council's website.

33. Failure to award relief in line with the Government's criteria and guidance could risk that the Council is not properly reimbursed for relief awarded which does not comply with the Section 31 grant conditions. This risk will be managed by close monitoring of relief awarded throughout the year and quality control checking of awards

CONSULTATION

34. There is no statutory requirement to consult on this relief scheme. Given the Council is proposing to award relief strictly in accordance with the government guidance for the schemes and will be fully reimbursed by Central Government, it was not considered necessary to undertake any general consultation.

BACKGROUND PAPERS

35. Appendix 1 - 2024/25 Retail, Hospitality and Leisure (RHL) relief scheme.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CASC – Community Amateur Sports Club

DLUHC - Department for Levelling Up, Housing and Communities

NNDR - National Non-Domestic Rate Return

RHL – Retail, Hospitality and Leisure

REPORT AUTHOR & CONTRIBUTORS

Debbie Hogg, Director of Corporate Resources
01302 736907 Debbie.hogg@doncaster.gov.uk

Alan Stoves, Head of Revenues and Benefits
01302 735585 Alan.stoves@doncaster.gov.uk