

**Test Valley Borough Council**  
**Finance & Revenues Service**  
**Discretionary Rate Relief Policy**

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## **Discretionary Rate Relief Policy**

### **1 Introduction**

**There are two ways in which Discretionary Rate Relief may be granted:**

- to “top-up” mandatory relief already awarded
- as an award based on various criteria, of up to 100%.

When deciding whether to make an award of discretionary rate relief, consideration should be given to the interests of the taxpayers of Test Valley, as the Council must bear a percentage of the cost of any relief granted.

In most cases, with the exception of special reliefs which may be fully funded by central government, the cost of the relief is shared as follows; central government 50%; Test Valley Borough Council 40%; Hampshire County Council 9%; and Hampshire and Isle of Wight Fire and Rescue Service 1%. The central government and Council share changes to 70% / 20% where the Council has business rates growth above a baseline figure.

Mandatory relief is granted where:

- the ratepayer of a property is a charity, or the trustees of a charity, and
- the property is wholly/mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purposes of the charity)
- the ratepayer of a property is registered with His Majesty’s Revenues and Customs (HMRC) as a Community Amateur Sports Club (CASC)

The Council has the discretion to award additional rate relief to reduce the liability still further and the policies detailed below are to be followed when dealing with an application.

No discretionary relief will be awarded to charities that are occupying hereditaments in return for a payment/donation from the landlord/owner/agent of the hereditament or where they are occupying premises for a nominal rent.

### **2 Legal Powers**

This policy covers all the Council’s discretionary powers under Sections 43, 47 and 49 of the Local Government Finance Act 1988 as revised, in addition to Local Government and Rating Act 1997, Rating (Former Agricultural Premises and Rural Shops) Act 2001 and NDR (Public Houses and Petrol Filling Stations)(England) Order 2001.

### **3 Objectives**

The overriding aim of the policy is to ensure that when considering whether it is appropriate to grant discretionary rate relief, the needs of the community and the interests of the Council Tax payers are taken into account, bearing in mind the Council’s priorities.

#### **4**     **Scope**

This policy will be adhered to by all staff and Members involved with consideration of Discretionary Rate Relief applications.

#### **5**     **Applications**

With regard to the majority of discretionary reliefs, completed application forms may be required from each applicant and it must be demonstrated, where appropriate, how the individual, organisation or business can contribute towards the Council's priorities.

In relation to special reliefs, ratepayers may be required to complete an application form and make a declaration with regard to Subsidy Control.

Applications from excepted hereditaments cannot be considered. These are properties which are occupied by a billing or precepting authority.

#### **6**     **Approvals**

Recommendations for discretionary relief are to be approved by Head of Finance & Revenues and the Finance & Resources Portfolio Holder.

#### **7**     **Relationship between reliefs**

There is no "better buy" provision in the legislation. Therefore:

- If a property is eligible for charitable relief as well as small business relief, it shall receive charitable relief only.
- If a property is eligible for rural rate relief and small business rate relief, it shall receive rural rate relief only.
- If a property is eligible for all three reliefs, it shall receive charitable relief only.

#### **8**     **Charities**

Mandatory relief is granted where the ratepayer of a property is

- a charity, or the trustees of a charity, and
- the property is wholly/mainly used for charitable purposes.

For the purposes of discretionary relief, the organisation does not have to be a registered charity. Determination of charitable status largely relies on case law, which has established 4 main divisions of charity:

- the relief of poverty
- the advancement of religion
- the advancement of education, and
- other trusts beneficial to the community not falling under the other headings.

## 8.1 Criteria

Discretionary relief will be recommended if the charity:

1	Meets local needs in the district and benefits local people	<ul style="list-style-type: none"> <li>• if the premises are used for the purposes of a national organisation, the Council will not normally grant any discretionary relief</li> <li>• if the premises are used for a semi-national (or county-wide) organisation, the extent to which the Borough and its residents benefit from the organisation must be taken into account</li> <li>• if the premises are used for a local organisation the full “top-up” will be awarded</li> </ul>
2	Does not have more than 12 months spending available as “free reserves” (not legally restricted)	<ul style="list-style-type: none"> <li>• unless a Business Plan exists detailing how these reserves are to be used to the benefit of the local community</li> </ul>
3	Provides evidence to support the application	
4	Provides the previous 2 years’ signed accounts	

## 8.2 Village Halls and Community Centres

Village Halls and Community Centres, which are not excepted (see 5 above), will be awarded 80% mandatory relief and 20% discretionary relief unless the Head of Finance and Revenues, in consultation with the Finance & Resources Portfolio Holder, considers it inappropriate to do so, based on the financial standing of the ratepayer(s).

## 9 Charity Shops

Mandatory relief will be granted where the ratepayer of a property is

- a charity, or the trustees of a charity, and
- donated goods relate to more than 50% of total sales, and
- the proceeds of goods (after any deductions for expenses) are applied for the purposes of the charity

Providing the above criteria are met, 80% mandatory relief will be granted.

### 9.1 Criteria

Discretionary relief will be recommended if the charity:

1	Meets local needs in the district and benefits local people	<ul style="list-style-type: none"> <li>• if the premises are used for the purposes of a national organisation, the Council will not normally grant any discretionary relief</li> <li>• if the premises are used for a semi-</li> </ul>
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		<p>national (or county-wide) organisation, the extent to which the Borough and its residents benefit from the organisation must be taken into account</p> <ul style="list-style-type: none"> <li>• if the premises are used for a local organisation the full “top-up” will be awarded</li> </ul>
2	Does not have more than 12 months spending available as “free reserves” (not legally restricted)	<ul style="list-style-type: none"> <li>• unless a Business Plan exists detailing how these reserves are to be used to the benefit of the local community</li> </ul>
3	Provides evidence to support the application	
4	Provides the previous 2 years’ signed accounts	

## 9.2 Non-Profit Organisations, Clubs and Societies

The Council has the discretion to award up to 100% Discretionary Rate Relief to organisations whose main objectives are charitable or philanthropic, or concerned with education, social welfare, science, literature, fine arts or recreation. The determination of charitable (or non-profit) status largely relies on case law which has established the 4 main divisions of charity shown in section 8, above.

## 9.3 Criteria

Discretionary relief will be awarded if the organisation is not excepted (see above) and:

1	The main objectives of the organisation are concerned with	<ul style="list-style-type: none"> <li>• the relief of poverty</li> <li>• the advancement of religion</li> <li>• the advancement of education</li> <li>• social welfare</li> <li>• science</li> <li>• literature</li> <li>• arts</li> <li>• recreation, or</li> <li>• in other ways which are beneficial to the local community</li> </ul>
2	Meets local needs in the borough and benefits local people	<ul style="list-style-type: none"> <li>• if the premises are used for the purposes of a national organisation the Council will not normally grant discretionary relief</li> <li>• if the premises are used for a semi-national or county-wide organisation, the extent to which the Borough and its residents benefit must be taken into account and relief of up to 50% will be granted</li> <li>• if the premises are used for a local organisation up to 100% will be</li> </ul>

		awarded
3	Provides a valuable service to the community	<ul style="list-style-type: none"> <li>• which is complementary to those services provided by or supported by the Council, or</li> <li>• which relieves the need for the Council to provide such services</li> </ul>
4	Is open to all sections of the community	<ul style="list-style-type: none"> <li>• or access is restricted by providing a service for a specific sector of the community for justifiable reasons such as addressing inequality</li> </ul>
5	Is able to demonstrate that the way in which it operates does not discriminate against any section of the community	<ul style="list-style-type: none"> <li>• please see 9.4 below</li> </ul>
6	Is non-profit making	<ul style="list-style-type: none"> <li>• no high surplus of income over expenditure</li> <li>• as a guide, no more than 12 months expenditure available in unrestricted reserves unless a Business Plan exists, detailing how these reserves are to be used to the benefit of the local community</li> </ul>
7	If the organisation has licensed bar facilities	<ul style="list-style-type: none"> <li>• please see 9.5 below</li> </ul>
8	If the organisation requires a membership or entry fee	<ul style="list-style-type: none"> <li>• please see 9.6 below</li> </ul>
9	Evidence is provided to support the application	
10	The previous 2 years' signed accounts are provided	

### 9.3.1 Community Amateur Sports Clubs (CASC)

If a sports club is registered with HMRC as a CASC it will be entitled to 80% mandatory relief. The club will also be awarded 20% discretionary rate relief.

### 9.3.2 Village Halls and Community Centres

Village Halls and Community Centres that are not charities and which are not excepted (see 5 above), will be awarded 100% discretionary relief unless the Head of Finance and Revenues, in consultation with the Finance & Resources Portfolio Holder, considers it inappropriate to do so, based on the financial standing of the ratepayer(s).

### 9.4 Discrimination

In order to qualify for Discretionary Rate Relief clubs must be able to show that all facilities are available to members without discrimination.

Discrimination includes indirect discrimination and encompasses any of the characteristics protected by law, except as a necessary consequence of the requirements of a particular sport.

This does not prevent a club from having different classes of membership depending on:

- The age of the member
- Whether the member is a student
- Whether the member is waged or unwaged
- Whether the member is a playing or a non-playing member
- How far from the club the member lives, or
- Any restriction on the days or times when the member has access to the club's facilities

#### **9.4.1 Sports Clubs**

There are additional considerations in the case of sports clubs.

If a club effectively discriminates by only accepting members who have already reached a certain standard, rather than seeking to promote the attainment of excellence by enhancing access and the development of sporting aptitude, then it does not have an open membership policy. Therefore, a club selecting members on the basis of existing attainment would not come within the requirements.

Clubs can refuse or revoke membership, on non-discriminatory grounds, where the membership, or continued membership of the person concerned would be likely to be contrary to the best interests of the sport or the good conduct and interests of the club.

Although clubs should be open to all, without discrimination, single-sex clubs may be permitted where such restrictions are not discriminatory in intent but a genuine result of physical restraints (such as changing room facilities) or the requirements of the sport.

### **9.5 Organisations with Licensed Bar Facilities**

#### **9.5.1 Sports Clubs**

Any Discretionary Rate Relief award will be aimed at the sporting activity of the club.

- If the bar income aids the overall operation and development of the organisation, this would be allowable provided it is still primarily a sports organisation and such funds are shown to provide direct support for the sporting activities
- The level of the relief awarded will be reduced if the net income from the bar and gaming machines, expressed as a percentage of total income, is 30% or greater.

#### **9.5.2 Other Organisations**

- If the bar income aids the overall operation and development of the organisation, this would be allowable provided it is a minor function of the organisation and funds can be shown to provide direct support for the organisation's activities.
- The level of the relief awarded will be reduced if the net income from the bar and gaming machines, expressed as a percentage of total income, is 30% or greater.



## **9.6 Membership and Entry Fees**

If the organisation requires a membership or entry fee, the Council will give regard as to whether:

- The subscription or fees are set at a high level which excludes the general community
- Fee reductions are offered for certain groups such as under 18s or over 60s
- Membership is encouraged from particular groups such as young people, older age groups, persons with disabilities or to reduce inequality
- Facilities are available to people other than members, e.g. schools, public sessions.

## **9.7 Council Priorities**

The Council would wish to support organisations which provide the following categories of service to the Borough's residents:

- a. support for the disadvantaged, e.g. disabled, unemployed, elderly, those with health problems, those with drugs or alcohol problems, young people
- b. support with housing needs
- c. education and training opportunities
- d. support with debt and financial management
- e. facilities for scouts, guides, youth clubs and youth groups
- f. village halls and community centres
- g. sports clubs and other organisations providing recreational facilities
- h. theatres and dramatic societies

Those organisations applying for relief, whose work involves children, young or vulnerable adults, must be able to demonstrate that appropriate checks have been carried out on staff and volunteers, and that sound child protection policies are in place.

## **10 Rural Rate Relief**

Rural Rate Relief applies to certain properties which are situated in a rural settlement. A rural settlement is one which appears to have a population of not more than 3,000 on the 31 December preceding the financial year in question, which is wholly or partly within a designated area. The Rural Settlement list is published each year.

### **10.1 Mandatory Rural Rate Relief**

Full relief will be awarded to any of the following type of premises, where it is the only such business within the rural settlement area.

- Food shops selling food which is wholly / mainly for human consumption (excluding confectionery and the supply of food in the course of catering), with a rateable value of £8,500 or less.
- General stores selling food for human consumption and general household goods, with a rateable value of £8,500 or less.
- Post Offices holding a Post Office Licence under the Post Office Act 1953, with a rateable value of £8,500 or less.

- Public houses with a licence granted under the Licensing Act 2003 which authorise the retail sale of alcohol for consumption on the premises and has a rateable value of £12,500 or less.
- Petrol filling stations with a rateable value of £12,500 or less.

## **10.2 Discretionary Rural Rate Relief**

The Council has the power to award Discretionary Rural Rate Relief of up to 100%. Discretionary relief will be considered in the following circumstances.

- The property has a rateable value of £16,500 or less
- There is no high surplus of income over expenditure (no more than 12 months spending held as a reserve)
- The business must be considered to be of benefit to the local community. The application will be referred to local Members for their approval

## **11 Applications for Discretionary Relief**

Ratepayers wishing to apply for discretionary relief should submit an application within 6 months of the end of the financial year to which the application relates. Applications received after this date will be considered at the discretion of the Head of Finance & Revenues. Good cause for not applying before this deadline must be shown for an exception to be granted.

## **12 Notification of Decision**

Successful applicants will receive an amended bill showing the relief that has been awarded. Unsuccessful applicants will receive an explanation of the Council's decision by letter or email.

## **13 Ratepayer's Duty to Declare Changes in Circumstances**

Ratepayers in receipt of Discretionary Relief must advise the Council if there is a change in their circumstances which means they are no longer eligible for relief or their entitlement to relief could be reduced.

## **14 Rights of Appeal**

Unsuccessful applicants should, in the first instance, detail in writing their reasons for not agreeing with any decision to the Revenues & Welfare Manager.

Should they still be aggrieved having received a response to the first appeal they should then contact the Head of Finance and Revenues.

## **15 Review**

Awards of Discretionary Rate Relief will be reviewed regularly.

## **16 Hardship Relief**

The Council has the discretion to reduce the amount a ratepayer is liable to pay as a result of a business suffering unexpected hardship arising from short-term unexpected circumstances (e.g. the impact of flooding affecting customer access to the business), to the extent that the viability of the business would be threatened if an award were not made.

The Council defines business viability as the ability of the business to remain solvent while meeting its financial obligations to creditors and continuing its business operations.

Relief will not be considered where a business is facing a market downturn in trade, increased competition or increasing costs unless there are wider local amenity issues that an award of relief will help ameliorate, e.g. the potential closure of the only shop in a village.

Each case will be judged on its merits. Relief will be awarded where the Council is satisfied that:

- the ratepayer would sustain hardship if no relief is granted; and
- it is reasonable for the Council to grant the relief having due regard to the interests of the Council Tax payers

### **16.1 Guidelines for Consideration of Hardship Relief**

- a) Any decision must be balanced against the wider interests of the council tax payers of the Borough.
- b) There must be proof that hardship exists.
- c) Evidence must be provided to support the application, including as a minimum:
  - A detailed business plan and cash flow forecast covering at least the next 12 months. This should demonstrate how the company expects to become sustainable following the ending of any Hardship Relief period.
  - A copy of the business's accounts for the previous two years.
- d) It is expected that businesses should have taken prompt action to mitigate the factors giving rise to hardship (e.g. challenging an increased rateable value).
- e) The amount of rates that will be remitted will depend upon the circumstances of each case and will be effective for a set period. Relief will be withdrawn on the sale of the business or a change of occupier.
- f) It is unlikely that relief will be awarded in cases where there is little expectation of economic survival of the business beyond any relief period.
- g) The purpose of this policy is to support local businesses in the community. In assessing this factor the Council will consider the following criteria:
  - the business's contribution to local distinctiveness

- the size of the business – the Council would normally prioritise smaller businesses although relief is potentially available for all businesses
- how the granting of rate relief will be in the interest of council tax payers.

## **17 Special Reliefs**

From time to time the Government provides for the Council to grant relief for a particular set of circumstances and/or for a specific period. These do not normally require a change in legislation and are provided for by Section 47 of the Local Government Finance Act 1988, as amended by Section 69 of the Localism Act 2011.

These reliefs will be covered in separate appendices and currently include:

<b>Local Newspaper Relief</b>	<b>Appendix 1</b>
<b>Supporting Small Business Relief</b>	<b>Appendix 2</b>
<b>Retail, Hospitality &amp; Leisure Relief</b>	<b>Appendix 3</b>
<b>Film Studio Relief</b>	<b>Appendix 4</b>

The Council will be reimbursed in full by the Government by way of a grant under Section 31 of the Local Government Act 2003 for its share of the costs of awarding these special reliefs.

## **18 Subsidy Control**

The UK subsidy control regime began on 4 January 2023. It enables public authorities, including devolved administrations and local authorities, to give subsidies that are tailored to local needs. Authorities giving subsidies must comply with the UK's international subsidy control commitments.

A subsidy refers to a grant, a tax break, a loan, or other form of financial assistance paid from public resources. To search and check how much subsidy has been awarded to a business please visit the GOV.UK website:

<http://www.gov.uk/guidance/view-subsidies-awarded-by-uk-government>

Relief from taxes, including Non-Domestic Rates, can amount to a subsidy. Any relief provided by Local Authorities under these schemes will need to comply with the UK's domestic and international subsidy control obligations.

Further information about subsidy control can be found on the GOV.UK website:

<https://www.gov.uk/government/collections/subsidy-control-regime>

## **Appendix 1 – Local Newspaper Relief**

The Government introduced a temporary business rates discount for office space occupied by local newspapers, effective from 1 April 2017. This relief will end on 31 March 2025.

### **Businesses Eligible for Relief**

Properties occupied as office space by local newspapers in England will be eligible for this relief. There is a maximum of one discount per newspaper title and one discount per hereditament.

Where a property becomes / ceases to be used as office accommodation during the year, the relief will be applied on a pro-rata basis.

### **Amount of Relief**

The maximum amount of relief is £1,500 per annum.

This relief is subject to Subsidy Control limits.

## **Appendix 2 – Supporting Small Business Relief**

At the 2022 Autumn Statement the Chancellor announced that the 2023 Supporting Small Business Relief (SSBR) scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. Detailed guidance is available on the GOV.UK website:

<https://www.gov.uk/government/publications/business-rates-relief-2023-supporting-small-business-relief-local-authority-guidance/business-rates-relief-2023-supporting-small-business-relief-local-authority-guidance>

This relief is available for the financial years 2023/24 to 2025/26 only.

### **Businesses Eligible for Relief**

#### **Day 1 Eligibility for the Scheme:**

For 1 April 2023, SSBR applies to hereditaments for which:

- a. the chargeable amount for 31 March 2023 is calculated in accordance with:
  - i. section 43(4A) and in relation to 43(4A) the value of E for 31 March 2023 is greater than 1, or
  - ii. section (6A), or
  - iii. section 47 by virtue of being eligible for schemes introduced by local authorities in 2022/23 to deliver the Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties as set out in guidance issued by this Department on 20 December 2021, and
- b. the chargeable amount for 1 April 2023 would otherwise be found in accordance with section 43(4), 43(4A), 43(6A) or regulations 12(3), 12(7) or 12(9) of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022, and
- c. the chargeable amount for 1 April 2023 would be more than (£600/365 days) higher than the chargeable amount for 31 March 2023.

Where for 31 March 2023 the chargeable amount has been found under section 47 other than under a scheme introduced to deliver the Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties, then eligibility for 2023 SSBR should be determined as if section 47 did not apply.

#### **Continued eligibility for the scheme after 1 April 2023:**

After 1 April 2023, SSBR will cease to apply where:

- a. the chargeable amount for a day found under 2023 SSBR is the same as or more than the chargeable amount found in the absence of 2023 SSBR. This ensures that where, for example, the increase in the chargeable amount in 2023 SSBR would take the bill above the level it would otherwise have been then the hereditament will drop out of 2023 SSBR. It also ensures that where, for example, with effect from after 1 April 2023, the hereditament becomes eligible for 100% Small Business Rate Relief then they also fall out of 2023 SSBR,
- b. the chargeable amount for a day would otherwise fall to be found by section 43(5) of the 1988 Act or where paragraph 12(5) or sub-paragraphs 2(4), 3(4), 4(4), 5(4) of

the Schedule of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 applies (charities or registered community amateur sports clubs),

- c. the hereditament for a day is unoccupied, or
- d. in respect of days from the 1 April 2024 onwards the hereditament had its chargeable amount for 31 March 2023 found by section 47 by virtue of being eligible for schemes introduced by local authorities in 2022/23 to deliver the Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties as set out in guidance issued by this Department on 20 December 2021.

Furthermore, where the ratepayer during 2022/23 lost entitlement to small business rate relief because they failed the 2<sup>nd</sup> property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended (and therefore was still entitled to small business rate relief on 31 March 2023), then eligibility for 2023 SSBR will cease at the end of that 12 months period of grace.

Hereditaments which cease to be entitled to 2023 SSBR for a day cannot return to eligibility if their circumstances change from a later day. For example, if a property falls unoccupied it will not then be eligible for 2023 SSBR if it subsequently becomes occupied again.

Eligibility post 1 April 2023 by virtue of a regulation 18 certificate:

As with the transitional relief scheme, where the valuation officer issues a certificate of rateable value under regulation 18 of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 certifying the correct rateable value at 1 April 2023 (in circumstances where they cannot by rule now amend the list for 1 April 2023) then eligibility for 2023 SSBR and the calculation of 2023 SSBR should be revisited using the regulation 18 certified value in place of the value shown in the list for 1 April 2023. As with the transitional relief scheme, this should have effect as regards the days referred to in regulation 18(4) (the effective date of when the list was altered to correct the inaccuracy and subsequent days) or regulation 18(5) (where no alteration has been made).

This ensures that those ratepayers whose compiled list 2023 rateable values are increased by the Valuation Office Agency but only from the date the list is altered may still be eligible for SSBR from that point onwards. This ensures those ratepayers are not penalised just because the increase in their rateable value was not backdated to 1 April 2023. This follows the same principle which currently exists in the transitional relief scheme.

This relief is subject to Subsidy Control limits.

### **Appendix 3 – Retail, Hospitality & Leisure Relief**

At the Autumn Budget on 30 October 2024 the Chancellor announced an updated business rates relief scheme for retail, hospitality and leisure properties. The Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible occupied retail, hospitality and leisure properties with 40% relief, up to a cash cap limit of £110,000 per business.

#### **Businesses that will benefit from relief**

Hereditaments which benefit from the relief will be those which for a chargeable day in 2025/26:

meet the eligibility criteria detailed below,

*and*

the ratepayer for that chargeable day has not refused the discount for the eligible hereditament. The ratepayer may refuse the discount for each eligible hereditament anytime up to 30 April 2026. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

For the purposes of section 47 of the 1988 Act, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside of the scope of the decision of which hereditaments qualify for the discount and are therefore ineligible for the relief.

#### **Amount of Relief**

Subject to a £110,000 cash cap per business, the total amount of relief available for each property for 2025/26 under this scheme is:

- 75% of the chargeable amount for chargeable days from 1 April 2024 to 31 March 2025
- 40% of the chargeable amount for chargeable days from 1 April 2025 to 31 March 2026

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.

Relief will 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.

The amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value of the hereditament. This change of circumstances could arise during the year in question or during a later year, and the rates bill will be amended accordingly.

#### **Cash Cap and Subsidy Control**

Full government guidance provided to local authorities [can be found here](#). This guidance includes further details of Cash Caps.



Under the cash cap, 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.

This relief is subject to Subsidy Control limits.

## **Eligibility**

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 or live music venues,
  - for assembly and leisure; or
  - as hotels, guest & boarding premises or 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 relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs, 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.

These lists are not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist.

There will also be mixed uses and properties which are not listed but are broadly similar in nature to those listed. These may be considered eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

### **Businesses which are not considered to be eligible for the relief**

The list below sets out the types of uses that the government does not consider to be an eligible use for the purpose of this discount:

- 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 advisers, employment agencies, estate agents, letting agents)
  - Post office sorting offices
  
- Hereditaments that are not reasonably accessible to visiting members of the public

This list is not exhaustive and the Council may decide not to award relief where a business is broadly similar in nature to those above.

The Council considers that “trade” customers are not considered “visiting members of the public” for the purposes of qualification for this relief scheme. The Council considers “sale of goods to visiting members of the public” to mean that the sale is to the person who will use and benefit from the item purchased, e.g. a person buying goods for their own use. If goods are purchased by a person or business to be used by them in undertaking their profession, that is a business-to-business transaction and outside the scope of this relief.

## **Appendix 4 – Film Studio Relief**

At the Budget on 6 March 2024, the Chancellor announced that eligible film studios in England will receive a 40% reduction on gross business rates bills until 2034. The relief will be backdated to 1 April 2024.

### **Businesses that will benefit from relief**

Film studio rate relief is available for a chargeable day in the financial years 2024/25 to 2033/34 for a hereditament which for the chargeable day is:

- Used (or if unused appears that when next in use would be used) for the production of films or television programmes and in whole or in part comprises sound stages or film sets, and
- Valued by the Valuation Office Agency (VOA) as a studio falling within one of the following VOA's valuation categories for film studios:
  - temporary or semi-permanent filming studios
  - older filming studios, whether converted or purpose built
  - modern industrial conversion filming studios (typically converted to film studios post 2010)
  - modern purpose built filming studios (typically built post 2010)
  - campus sites

The relief is not available on materially unaltered industrial premises (even if occupied by a studio). VOA descriptions in the rating list or the "Scat" code will not be used for this test. The Council will be notified by the VOA whether they have a hereditament in their list which meets the conditions above.

The scheme is available to new, existing and expanding facilities. It is also available on conversions of previously industrial buildings provided they meet the tests above.

There are no occupation conditions for film studio relief. Relief is available where the above conditions are met irrespective of whether the property is occupied or whether occupation or ownership changes.

### **Amount of Relief**

For hereditaments eligible for the film studios business rates relief scheme, the maximum chargeable amount for each chargeable day is:

- The chargeable amount which would be found by applying paragraph 1 of Schedule 4ZA or paragraph 1 of Schedule 4ZB to the Local Government Finance Act 1988 multiplied by 60%

For the avoidance of doubt, the chargeable amount found by applying paragraph 1 of Schedule 4ZA includes the effect of any current improvement relief. The value "A" in paragraph 1 is the rateable value in the list less any current Improvement Relief certificate (G) (see paragraph 10(2) of Schedule 4ZA). The paragraph 1 chargeable amount ignores other reliefs such as transitional relief, section 44A relief or any other mandatory or discretionary relief scheme.

Where the maximum chargeable amount is less than the actual chargeable amount for the day (after all other reliefs) then authorities should award discretionary relief reducing the chargeable amount for the day to the maximum chargeable amount. Where the maximum

chargeable amount is more than the actual chargeable amount (after all other reliefs) then no film studio relief should be awarded.

Where the rateable value on the subject hereditament changes, including retrospectively when due to Checks, Challenges or Appeals, the Council will recalculate the relief with retrospective effect.

### **Clawback of Relief**

The duration and level of support provided by this relief scheme has been determined by the government based on the VOA's January 2024 review of film studio rateable values. The government therefore intends that billing authorities will be able to clawback some or all relief in the event that the level of rateable value departs from the outcome of the January 2024 review, or from the draft 2026, 2029 or 2032 rating lists. To meet this objective, there is a chargeable amount floor below which bills cannot fall whilst still being awarded studio rate relief.

The Council will not apply clawback provisions unless the VOA has issued a clawback certificate. Therefore, in the absence of such a certificate, the Council will, in the event of alterations to rateable values retrospectively or otherwise, recalculate the relief in line with the rules the "Amount of Relief" section without regard to this clawback provision.

Where the VOA has issued a clawback certificate for the chargeable day, or any previous day to the extent that it could affect the chargeable amount (such as due to transitional relief), then the Council will apply a chargeable amount floor below which the chargeable amount for the day should not fall as a result of this relief scheme. The chargeable amount floor is:

- The chargeable amount which would have applied for the day under this rate relief scheme had the rateable value in the list for the chargeable day and any previous chargeable day been the rateable value provided by the VOA in a clawback certificate.

Where the VOA amends a rateable value with an earlier effective date (i.e. a backdated alteration) and issues a clawback certificate with effect from that earlier day (or any other earlier day) then the Council will recalculate the rates bill with retrospective effect and clawback relief as necessary.

For the avoidance of doubt, the clawback cannot operate so as to give a chargeable amount for the day which is more than the chargeable amount absent the relief scheme. If, exceptionally, the rateable value is reduced to such a degree that the chargeable amount floor calculated using the clawback certificate is more than the chargeable amount for the day ignoring the film studio relief then no film studio relief should apply for the day.

### **Subsidy Control**

This relief is subject to Subsidy Control limits.