

Gloucester City Council

Business Rates – Pub Discount 2020/21

Background

The Government made an announcement in a ministerial statement on 27 January 2020, that there would be a £1,000 business rate discount for public houses with a rateable value of less than £100,000 for one year from 01 April 2020.

Central Government is not changing the legislation surrounding reliefs available to properties as the measure is a temporary one for 2020-21 only. Instead the Government will reimburse local authorities that use their discretionary relief powers to grant Retail Discount relief, and will fully reimburse local authorities under Section 47 of the Local Government Finance Act 1988 (as amended).

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.

Providing discretionary relief is likely to amount to State Aid and as such any decision is subject to the European rules on State Aid. The relief should be awarded in accordance with the De Minimis Regulations, allowing an undertaking to receive a maximum of €200,000 De Minimis aid in a three year period.

Eligibility Criteria

Properties that will benefit from the pub discount will be eligible occupied properties with a rateable value of less than £100,000. Where pubs are part of a chain, relief will be available for each eligible property in the chain, subject to meeting State Aid requirements

The intention of the policy is that eligible pubs should

- Be open to the general public
- Allow free entry other than when occasional entertainment is provided

- Allow drinking without requiring food to be consumed
- Permit drinks to be purchased at a bar

For these purposes it excludes:

- Restaurants
- Cafes
- Nightclubs
- Hotels
- Snack bars
- Guesthouses
- Boarding houses
- Sporting venues
- Music venues
- Festival sites
- Theatres
- Museums
- Exhibition halls
- Cinemas
- Concert halls
- Casinos

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.

The total amount of relief available under this scheme in the 2020-21 year is £1,000 per eligible property

Pub Discount

The Business Rates Pub Discount is effective from 01 April 2020

Pubs that meet the eligibility criteria will automatically be awarded the Pub Discount 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 Pub Discount will be applied BEFORE the hardship payment.

Ratepayers that occupy more than one property will be entitled to Retail Discount Relief for each of their properties subject to State Aid De Minimis limits.

State Aid law is the means by which the European Union regulates state funded support to businesses. The De Minimis Regulations currently allow a business to receive up to €200.000 of De Minimis aid in a three year period (consisting of current financial year and the two previous financial years)

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during an implementation period State aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

Gloucester City Council will discharge this responsibility by issuing a 'De Minimis declaration' to all businesses who are eligible for the Pub Discount.

Application Process and Administration

Civica Revenues and Benefits on behalf of Gloucester City Council will identify qualifying businesses using the criteria as set out above. Where there is a clear eligibility to Pub Discount it will be applied to eligible pub's rates bill. When the annual bills are issued the qualifying business will also be sent the 'State Aid' declaration letter. Any businesses over which there may be an uncertainty about eligibility will be issued with an application to apply for the Pub Discount and a State Aid declaration form.

Review of Decision / Appeals

Should there be any dispute over eligibility then an appeal can be made to the Section 151 Officer at Gloucester City Council. The appealing business must clearly outline their reasons for the appeal and supply any documentation in support of their appeal.

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.