

Gloucester City Council

Business Rates – Retail Discount 2021/22

Background

Since 2019/20 the government has provided a Business Rates Retail Discount for retail properties which for 2020/21 it expanded to include the leisure and hospitality sectors. On 3 March 2021 the government confirmed that the Expanded Retail Discount would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022. The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief will be capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021.

Gloucester City Council will be administering the scheme in accordance with Government guidelines – a full copy of which can be found at:

<https://www.gov.uk/government/publications/business-rates-expanded-retail-discount-2021-to-2022-local-authority-guidance/business-rates-expanded-retail-discount-2021-to-2022-local-authority-guidance>

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.

Eligibility Criteria

Hereditaments that meet the eligibility for Expanded Retail Discount will be occupied hereditaments which meet all of the following conditions for the chargeable day:

a. they are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- for assembly and leisure; or
- as hotels, guest & boarding premises and 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
- Employment agencies
- Estate agents and letting agents
- Betting shops

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 discount the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), 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. For the avoidance of doubt, hereditaments which have closed due to the government's advice on COVID19 should be treated as occupied for the purposes of this relief.

The preceding lists are not exhaustive as it is impossible to list the many varied retail uses in existence, but is a guide and any retail business considered by Gloucester City Council as broadly similar in nature to those listed above will be considered as eligible for the Expanded Retail Discount.

Ineligibility Criteria

The Government has given a list of types of uses that it does not consider to be retail and thus, these properties will not benefit from the retail discount relief

- i) 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)
 - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - Professional services (e.g. solicitors, accountants, insurance agents, financial advisors)
 - Post office sorting offices

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.

- ii) Hereditaments that are not reasonably accessible to visiting members of the public**

Business Rates Retail Discount

The Business Rates Retail Discount is effective from 01 April 2021

Businesses that meet the eligibility criteria will automatically be awarded the Retail Discount relief 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, Retail Discount will be applied BEFORE the hardship payment.

Eligibility for the Closed Cash Cap

Ratepayers that meet the eligibility criteria for the closed cash cap will be ratepayers who for a chargeable day occupy one or more hereditaments whose use on the chargeable day would, based on the law and guidance applicable on 5 January 2021, have meant that the business or activity would have been mandated to close by the government.

For the avoidance of doubt, hereditaments which have closed due to the government's response to coronavirus should be treated as occupied for the purposes of the closed cash cap.

If, under this eligibility test, a person would have been required to close its main, in-person service but could have adapted its business to operate takeaway, click and collect or online with delivery services, it will be considered closed and be eligible for the closed cash cap because its substantive business would have been mandated to close.

In cases where hereditaments would have remained open to provide services that can continue as they are exempt from the regulations (e.g. post office services, food banks) the ratepayer may still be eligible for the closed cash cap, because they would have been unable to provide their main in-person service.

It will be expected that businesses who receive a Retail Discount Relief and are aware that they are in excess of the Cash Cap Rules will inform the council as soon as possible.

The following hereditaments do not meet eligibility for the closed cash cap:

Hereditaments occupied by businesses and other ratepayers that would have been able to conduct their main service because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (e.g. accountants, solicitors).

Hereditaments whose occupiers may have chosen to close but not been required to

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 Retail Discount Relief it will be applied to eligible business's rates bill. Due to a very short lead time on the announcement and necessary software adaptations, the Council will rebill those businesses from 01 July 2021.

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.