

# Gloucester City Council

## Business Rates – Nursery (Childcare) Discount 2021/22

### Background

On 18 March 2020, the Government announced the business rates Nursery Discount 2020/21 as part of the response to the COVID-19 pandemic.

Gloucester City Council will be administering the scheme in accordance with the Government guidance – a copy of which is available at:

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

The relief applies to hereditaments which are occupied by providers on Ofsted's Early Years Register and which are wholly or mainly used for the provision of the Early Years Foundation Stage. There is no rateable value limit on the relief. Ofsted has ensured that all local authorities can access the Ofsted Early Years Register to support authorities identify eligible properties.

At the Budget on 03 March 2021, the Chancellor announced that the Nursery Discount would continue to apply at 100% for eligible properties for the first three months of 2021 from 1 April 2021 to 30 June 2021. Subsequently, from 1 July 2021 to 31 March 2022, the Nursery Discount will apply at 66%. From 1 July 2021, the relief will be capped at £105,000 per business.

### 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

Properties that will benefit from the relief will be hereditaments which are occupied by providers on Ofsted's Early Years Register and which are wholly or mainly used for the provision of the Early Years Foundation Stage.

To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purpose. 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 temporarily due to the government's advice on COVID-19 should be treated as occupied for the purposes of this relief.

### **Nursery (Childcare) Business Rates Retail Discount**

The Business Rates Nursery (Childcare) Discount is effective from 01 April 2021

Businesses that meet the eligibility criteria will automatically be awarded the Nursery (childcare) 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, Nursery (childcare) Discount will be applied BEFORE the hardship payment.

### **Eligibility for the Closed Cash Cap**

No cash cap will apply for the period between 1 April 2021 and 30 June 2021.

From 1 July 2021, a person may only receive Nursery Discount relief of up to £105,000 in 2021/22, ignoring any relief for the period before 1 July 2021.

No person can in any circumstance exceed the £105,000 cash cap across all of their hereditaments.

Where a person has a qualifying connection with another person then those persons should be treated as one person for the purposes of the cash cap. Persons shall be treated as having a qualifying connection where:

- a. Both persons 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 person is a company, the other person (the "second person") has such an interest in that company as would, if the second person were a company, result in its being the holding company of the other.

In cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap, the authority should withhold the discount.

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

### **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 Nursery (Childcare) 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 Nursery (childcare) 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.