

CABINET

20 February 2023

Title: Retail, Hospitality and Leisure Business Rates Relief Scheme 2023/24	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Stuart Kirby, Head of Collections	Contact Details: E-mail: stuart.kirby@lbbd.gov.uk
Accountable Director: Stephen McGinnes, Director of Support and Collections	
Accountable Strategic Leadership Director: Fiona Taylor, Acting Chief Executive	
Summary Retail rate relief was introduced in 2019 and subsequently expanded to cover the hospitality and leisure sectors during the pandemic. The retail, hospitality and leisure sector received a 50% rate relief for 2022/23. The Government has increased the relief to 75% for 2023/24. Local Authorities will be fully reimbursed for loss of income on the proviso that relief is applied in line with the guidance supplied by Government. This report sets out the proposed the Retail, Hospitality and Leisure (RHL) Business Rates Relief Scheme 2023/24 for businesses paying business rates.	
Recommendation(s) The Cabinet is recommended to: (i) Approve the Council's policy for the Retail, Hospitality and Leisure Business Rates Relief Scheme for 2023/24, as set out at Appendix 1 to the report; and (ii) Delegate authority to the Director of Support and Collections , in consultation with the Cabinet Member for Finance, Growth and Core Services and the Strategic Director, Finance and Investment, to make any necessary variations to the scheme in line with the guidance issued by the Department for Levelling Up, Housing and Communities.	
Reason The Government has announced changes to the Retail, Hospitality and Leisure rate relief for 2023/24. This will be delivered via discretionary powers and therefore an updated policy is required.	

1. Introduction and Background

- 1.1. Retail rate relief was introduced in 2019 and subsequently expanded to cover the hospitality and leisure sectors during the pandemic. It is applied using the Council's discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended).
- 1.2. Changes to the scheme were announced by the Chancellor as part of the Autumn Statement on 17 November 2022.
- 1.3. This is a temporary relief scheme for 2023/24 and Government is not changing legislation, therefore the relief is delivered via discretionary powers.
- 1.4. Local Authorities will be fully reimbursed for loss of income on the proviso that relief is applied in line with the guidance supplied by Government.

2. Retail, Hospitality and Leisure rate relief scheme (RHL)

- 2.1. The RHL scheme for 2022/23 grants 50% relief to qualifying businesses. Currently, 998 business benefit from the relief with a total relief granted of £4.4m.
- 2.2. The Government has increased this to 75% in 2023/24 and all qualifying businesses will receive the increased reduction.
- 2.3. The criteria used to determine eligibility remains unchanged in 2023/24 and covers all businesses in the retail, hospitality and leisure industry, e.g. shops, restaurants, gyms, sporting venues, pubs, car showrooms, petrol stations, markets etc.
- 2.4. Similarly, the criteria used to exclude certain businesses from the relief remains unchanged, e.g. banks, medical services (doctors, dentists etc), solicitors, estate agents etc will not qualify.
- 2.5. The eligibility criteria are not, as stated in the guidance, exhaustive, and so in some cases discretion to determine eligibility will be used.
- 2.6. Relief is applied after all other mandatory reliefs have been applied, e.g., charitable relief.
- 2.7. Government is currently calculating the amount of New Burdens funding that will be supplied to Local Authorities for administering the scheme.

3. Applying the relief

- 3.1. All business currently in receipt of the relief will be awarded the new relief in 2023/24.
- 3.2. New bills issued late February 2023 will show the newly calculated relief and will also contain an additional letter explaining the reason for the increase in relief.
- 3.3. Businesses will be required to declare if they exceed the £110k cash cap.

- 3.4. An option to opt out of the scheme will also be included with the bill. Businesses may opt to not receive the relief should they wish to do so.
- 3.5. New businesses and previously ineligible businesses will be able to apply for the relief throughout 2023/24, and will be asked to supply evidence if it is required.

4. Consultation

- 4.1. Changes to the scheme will be communicated to the Chamber of Commerce so they may also advise their members and the Council's website will be updated with details of the new scheme.
- 4.2. Businesses receiving the relief in 2023/24 will also be sent details of the change in scheme as well as cash cap declaration and opt out letter.
- 4.3. The proposals in this report were considered and endorsed by the Corporate Performance Group on 26 January 2023.

5. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

- 5.1 The Retail, Hospitality and Leisure Sector received a 50% rate relief for 2022/23.
- 5.2 The Government has increased the relief to 75% for 2023/24. Local Authorities will be fully reimbursed for loss of income on the proviso that relief is applied in line with the guidance supplied by Government.
- 5.3 New burdens funding that will be supplied to Local Authorities for administering the scheme.
- 5.4 There is no financial impact on the Council as the additional relief to the Retail, Hospitality and Leisure Sector will be fully reimbursed by Government and new burdens funding will be provided to cover the administration costs.

6. Legal Implications

Implications completed by: Dr. Paul Feild, Principal Standard & Governance Lawyer

- 6.1 As mentioned in the body of this report, the Chancellor announced on 17 November 2022 that eligible ratepayers will receive 75% relief on their business rates bills for the year 2023/24 up to a maximum cash cap of £110,000. Relief will be provided to eligible occupied retail, hospitality and leisure properties in 2023/24.
- 6.2 The power to apply relief was delegated to local authorities (billing authorities) for them to determine their relief policy. This will be administered through Billing Authorities discretionary relief powers under section 47 of the Local Government Finance Act 1988. Providing the billing authority's scheme is compliant with the Governments eligibility criteria then it will be compensated for any loss of income it incurs by means of grant payments under s.31 of the Local Government Act 2003.

- 6.3 Because there are restrictions on assistance by the Subsidy Control Act 2022, ceilings are set for organisations to ensure the total amount of relief does not fall foul of being treated as a subsidy. The maximum relief available under the policy is within the 'de minimis' threshold of a cumulative £315,000 total over any three consecutive years.
- 6.4 To ensure fairness the policy provides for a review against any refusal to exercise the discretion.

Public Background Papers Used in the Preparation of the Report:

- Business Rates Relief: 2023/24 retail, Hospitality and Leisure Scheme – (Department for Levelling Up, Housing & Communities – published 21 December 2022)
<https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance/business-rates-relief-202324-retail-hospitality-and-leisure-scheme>

List of appendices:

Appendix 1: Policy for the Award of Retail, Hospitality and Leisure Business Rates Relief 2023/24