



## **Retail, Hospitality and Leisure Scheme 2025/26**

## **1. Introduction**

1. At the Autumn Statement in October 2024 the Chancellor announced the extension of the business rates relief scheme for retail, hospitality, and leisure properties, worth an estimated £1.9 billion in 2025/26. This will support the businesses that make our high streets and town centres a success and help them to evolve and adapt to changing consumer demands.
- 1.1. The 2025/26 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with a 40% relief, up to a cash cap limit of £110,000 per business.
- 1.2. This document provides guidance about the operation and delivery of the policy. North Warwickshire Borough Council will include details of the relief to eligible ratepayers for 2025/26 with their annual bills for the beginning of the 2025/26 billing cycle.

## **2. How will the relief be provided?**

- 2.1. As this is a temporary measure for 2025/26, the government is not changing the legislation relating to the reliefs available to properties. Instead, the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It is for individual local billing authorities to adopt a local scheme and determine in each individual case when to grant relief under Section 47.
- 2.2. North Warwickshire Borough Council will apply and grant relief to qualifying ratepayers from the start of the 2025/26 billing year.

### **3. Which properties will benefit from relief?**

- 3.1 Hereditaments which benefit from the relief will be those which for a chargeable day in 2025/26:
- a. meet the eligibility criteria at Paragraph 8,
  - and
  - b. the ratepayer for that chargeable day has not refused the relief for the eligible hereditament. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2026. The ratepayer cannot subsequently withdraw their refusal for either all or part of the financial year.
- 3.2 For the purposes of section 47 of the 1988 Act, where the ratepayer has refused the relief for a hereditament, it cannot be reclaimed at a later date.
- 3.3 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.

### **4. How much relief will be available?**

- 4.1 Subject to the £110,000 cash cap per business, the total amount of government-funded relief available for each property for 2025/26 under this scheme is:
- 4.2 For chargeable days from 1 April 2025 to 31 March 2026, 40% of the chargeable amount.
- 4.3 The relief should 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, which are not funded by section 31 grants.

However, the former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable/CASC and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before Retail, Hospitality and Leisure relief. Authorities may use their discretionary powers to, at cost to themselves, offer further discounts outside this scheme or additional relief to hereditaments within the scheme. However, where an authority applies a locally

funded relief under section 47, this should be applied after the Retail, Hospitality and Leisure relief. The ordering should be applied in following sequence:

- Improvement Relief
- Transitional Relief
- Other mandatory Reliefs (as determined in legislation)
- S.47 Discretionary Relief in the following order:
  - I. 2023 Supporting Small Business (SSB)
  - II. Former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable, CASC, not for profit) should be applied first in the sequence of discretionary reliefs, after SSB
  - III. Other discretionary (centrally funded) including Freeport relief
  - IV. 2025/26 Retail Hospitality and Leisure relief scheme
  - V. Other locally funded schemes

- 4.4 Subject to the cash cap, the eligibility for the discount and the relief itself will be assessed and calculated on a daily basis. The following formula will be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2025/26:

**Amount of relief to be granted =  $V \times 0.40$  where:**

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any certain other discretionary reliefs in line with the guidance in paragraph 4.3 above.

- 4.5 This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
- 4.6 The total value of relief available per business, whether occupying one or more properties, is capped at £110,000. Any ratepayer who would be eligible for a sum of relief above £110,000 if there were no cap in place, should be awarded relief up to the full value of £110,000 (as has been the policy for previous years). Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, up to a total value of £110,000.

## **5. The Cash Cap and Subsidy Control**

- 5.1 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
- 5.2 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\*.
- \*“company” has the meaning given by section 1(1) of the Companies Act 2006. “holding company” and “subsidiary” have the meanings given by section 1159 of the Companies Act 2006.
- 5.3 The Retail Hospitality and Leisure Scheme is likely to amount to subsidy. Any relief provided by local authorities under this scheme will need to comply with the UK’s domestic and international subsidy control obligations (See the [BEIS guidance for public authorities](#) which contains guidance and information for the UK subsidy control regime).
- 5.4 To the extent that a Local Authority is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a three-year period (consisting of the 2025/26 year and the two previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of ‘Minimal or SPEI financial assistance’. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted towards the £315,000 allowance.
- 5.5 In those cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap or the MFA limit then the authority should automatically withhold the relief. Otherwise, local authorities may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the cash caps or MFA limit. Part 4 of this guidance contains a sample ratepayer declaration, which local authorities may wish to use to discharge this responsibility.

- 5.6 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the local authority needs to include details of the subsidy on the subsidy control database. This can be found at: <https://manageuksubsidies.beis.gov.uk>. Local authorities will need to create an account to use the Manage UK Subsidies Portal. This will enable users to upload subsidy schemes and awards. To gain access, users must email [subsidydatabase@businessandtrade.gov.uk](mailto:subsidydatabase@businessandtrade.gov.uk).

## **6. Splits, mergers, and changes to existing hereditaments**

- 6.1 The relief will be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.

## **7. Recalculations of relief**

- 7.1 The amount of relief awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year. Previous restrictions in law concerning backdating have been removed.

## **8. Eligibility for the Retail, Hospitality and Leisure Relief Scheme**

- 8.1 Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all the following conditions for the chargeable day:

a. they are wholly or mainly being used:

- i. as shops, restaurants, cafes, drinking establishments, cinemas or live music venues,
- ii. for assembly and leisure; or
- iii. as hotels, guest & boarding premises or self-catering accommodation,

- 8.2 We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

- i. **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)

ii. **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

iii. **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

iv. **Hereditaments which are being used as cinemas**

v. **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).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003. (The [statutory guidance can be accessed here](#))

8.3 We consider assembly and leisure to mean:

i. **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

ii. **Hereditaments that are being used for the assembly of visiting members of the public.**



- Public halls
- Clubhouses, clubs and institutions

8.4 We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. **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

8.5 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 (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.

8.6 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. However, it is intended to be a guide as to the types of uses that the government considers for this purpose to be eligible for relief. North Warwickshire Borough Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

8.7 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. Again, it is for North Warwickshire Borough Council to determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount under their local scheme.

**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

## **9. Variations of a Decision**

- 9.1 Variations in any decision will be notified to the ratepayer as soon as possible and will take effect:
- i. Where an amount is to be increased due to a change in rate charge or a change in the Council's decision which changes the award, will be effective from the date of the change.
  - ii. Where the amount is reduced due to a reduction in the rate charge or liability (including RV reduction, awarding another relief or exemption), this will apply from the date of decrease in rate charge.
- 9.2 The Council will cancel the relief at any time, where the ratepayer fails to meet any of the relevant criteria.

## **10. Policy Review**

- 10.1 This is a one-off policy which will only be required for the 2025/26 financial year and as such will not require further review outside of this financial year.

## **11. Equalities**

- 11.1 This policy has been produced in line with the Council's obligation to the Public Sector Equality Duty provided by the Equality Act 2010. No adverse impact on any protected characteristic has been identified because of this policy.

## **12. Reporting Changes**

- 12.1 Where any changes in circumstance which may affect the relief, need to be reported by the ratepayer as soon as possible, as this can affect the date in which the relief, is revised from or cancelled.
- 12.2 Where any relief is reduced or cancelled, the Council will look to recover the amount in full.

## **13. Review Process**

- 13.1 The Council's scheme of delegation allows for the Head of Revenues and Benefits to award, revise or revoke any applications.

- 13.2 Where the ratepayer wishes to appeal the decision of the Head of Revenues and Benefits, the case will be considered by the Council's Section 151 Officer whose decision of behalf of the Council will be final.
- 13.3 Ultimately the formal appeal process for the ratepayer is Judicial Review although the Council will explain any decisions fully with the ratepayer.
- 13.4 Any application/awards that are refused will be reconsidered if the request for a reconsideration is made within four weeks of receipt of notification of the decision and must include additional information to support the request.
- 13.5 The Council will consider each request on its merits and will consider whether the customer has provided any additional information against the required criteria that will justify a change to its decision.

## **14. FRAUD**

- 14.1 Where a ratepayer falsely applies for any relief, provides false information, makes false representation, or withholds information to gain relief, prosecutions will be considered under the Fraud Act 2006