

# Part 1: Guidance to local government

## About this guidance

1. This guidance is intended to support billing authorities in administering the 2023/24 Retail, Hospitality and Leisure Business Rates Relief Scheme, announced at the Autumn Statement on 17 November 2022. This guidance applies to England only.
2. This guidance sets out the eligibility criteria for the scheme. The guidance does not replace existing legislation.
3. Enquiries on this measure should be addressed to: [ndr@levellingup.gov.uk](mailto:ndr@levellingup.gov.uk).

## Introduction

4. At the Autumn Statement on 17 November 2022 the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth around £2.1 billion in 2023/24. 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.
5. The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business.
6. This document provides guidance to authorities about the operation and delivery of the policy. The government expects local authorities to include details of the relief to be provided to eligible ratepayers for 2023/24 in their bills for the beginning of the 2023/24 billing cycle.

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

7. As this is a temporary measure for 2023/24, 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 will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.

8. The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the definitions in this guidance, using a grant under section 31 of the Local Government Act 2003.

9. Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non-Domestic Rate Return 1 (NNDR1) for 2023/24. Central government will provide payments to authorities to cover the local share. Local authorities will also be asked to provide outturn data on the actual total cost for providing the relief, via the National Non-Domestic Rate 3 (NNDR3) forms. Any required reconciliations will then be conducted at these points.

10. The government expects billing authorities to apply and grant relief to qualifying ratepayers from the start of the 2023/24 billing year.

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

11. Hereditaments which benefit from the relief will be those which for a chargeable day in 2023/24:

a. meet the eligibility criteria at Part 2,

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 2024. The ratepayer cannot subsequently withdraw their refusal for either all or part of the financial year.

12. Local authorities should make it clear in their approved scheme that, for the purposes of section 47 of the 1988 Act, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside of the scope of the decision of which hereditaments qualify for the discount and are therefore ineligible for the relief.

13. 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.

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

14. Subject to the £110,000 cash cap per business, the total amount of government-funded relief available for each property for 2023/24 under this scheme is:

a. For chargeable days from 1 April 2023 to 31 March 2024, 75% of the chargeable amount.

15. 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, as required in the NNDR guidance notes, the former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable/CASC/rural etc. top up 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:

- Transitional Relief
- 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 and rural top up, not for profit) should be applied first in the sequence of discretionary reliefs, after SSB

III. Other discretionary (centrally funded) including, Freeport relief

IV. 2023/24 Retail Hospitality and Leisure relief scheme

V. Other locally funded schemes (such as hardship)

16. 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 should be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2023/24:

Amount of relief to be granted =  $V \times 0.75$  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 15 above.

17. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

18. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap, per business.

## The Cash Cap and Subsidy Control

19. Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.

20. 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.

21. Furthermore, 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 new UK subsidy control regime, which will commence on 4 January 2023.

22. 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 3-year period (consisting of the 2023/24 year and the 2 previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of ‘Minimal or SPEI financial assistance’. Expanded Retail Discount granted in 2021/22 does not count towards the £315,000 allowance but 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.

23. 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.

24. 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. 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@beis.gov.uk](mailto:subsidydatabase@beis.gov.uk).

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

25. The relief should 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.

## **Recalculations of relief**

26. 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.

27. Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions to ensure the scheme is administered in accordance with the extant rules. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

28. Therefore, when making an award for the RHL scheme, local authorities should ensure in the conditions of the award that the relief are subject to the property's continuing eligibility.

## **Part 2: Eligibility for the Retail, Hospitality and Leisure Relief Scheme**

1. Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of 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

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.

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

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

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.

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 for authorities as to the types of uses that the government considers for this purpose to be eligible for relief. Authorities should determine for themselves 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.

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 local authorities to determine for themselves 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.

**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, 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

## **Part 3: Calculation examples for 2023/24**

The Retail, Hospitality and Leisure scheme is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant. Ignoring cash caps.

Example 1: An occupied shop with a rateable value of £40,000

**Gross rates (before any reliefs) = £40,000 x 0.499: = £19,960**

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RHL Relief Discount (75%), £19,960 x 0.75 = -£14,970

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Rates due (after RHL Relief Discount): = £4,990

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Example 2: An occupied shop with a rateable value of £100,000

**Gross rates (before any reliefs) = £100,000 x 0.512:** = £51,200

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RHL Relief Discount (75%), £51,200 x 0.75 = -£38,400

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Rates due (after RHL Relief Discount): = 12,800

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Example 3: An occupied charity shop with a rateable value of £40,000

**Gross rates (before any reliefs) = £40,000 x 0.512** = £20,480

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Net rates after charity relief (80% discount): = £4,096

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RHL Relief Discount (75%), £4,096 x 0.75 = -£3,072

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Rates due (after charity relief and RHL Relief Discount): = £1,024

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Example 4: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)

**Gross rates (before any reliefs) = £13,500 x 0.499 = £6,737**

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Net rates after SBRR (50%): = £3,368

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RHL Relief Discount (75%), £3,368 x 0.75 = -£2,526

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Rates due (after SBRR and RHL Relief Discount): = £842

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Example 5: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)

**Gross rates (before any reliefs) = £10,000 x 0.499 = £4,990**

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Net rates after SBRR (100%): = £nil

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Rates bill is nil and, therefore, no RHL Relief Discount applies

Example 6: A shop with a rateable value of £40,000 (example 1) but only occupied until 30 September 2022

**Gross rates while occupied (before any reliefs) = £40,000 x 0.499 x 183/365 = £10,007**

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RHL Relief Discount (75% from 01/04/22 to 30/09/22), £10,007 x 0.75 = -£7,505

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Net rates while occupied = £2,502

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**Gross rates while unoccupied (before any reliefs) = £40,000 x 0.512 x 182/365 = £10,212**

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Unoccupied property relief (100% from 01/10/22 to 31/12/22), £10,212 x 92/182: = -£5,160

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Net rates while unoccupied = £5,052

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Rates due for the year (after empty property relief and RHL Relief Discount):

= £7,552

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## **Part 4: Sample paragraphs that could be included in letters to ratepayers about the 2023/24 Retail, Hospitality and Leisure Relief Scheme and the £110,000 cash cap/ Small Amounts of Financial Assistance subsidy**

At the Budget on 17 November 2022, the Chancellor announced 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. Your current rates bill includes this discount.

In line with the conditions set by the government, a ratepayer may only claim up to £110,000 of support under the 2023/24 Retail, Hospitality and Leisure Relief Scheme for all of their eligible hereditaments. This cash cap applies at a Group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company) and also to organisations which, although not a company, have such an interest in a company that they would, if they were a company, result in its being the holding company.

Furthermore, the Retail, Hospitality and Leisure Relief Scheme is subject to the Minimal Financial Assistance limits under the Subsidy Control Act. This means no recipient can receive over £315,000 over a 3-year period (consisting of the current financial year and the 2 previous financial years). Extended Retail Discounts granted in 2021/22 do not count towards the limit. Covid business grants received from local government and any other subsidy claimed under the Minimal Financial Assistance or Small Amounts of Financial Assistance limit over the 3-year period should be counted.

Therefore, to claim the Retail, Hospitality and Leisure relief you must not have exceeded either the £110,000 cash cap for 2023/24 or the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24). Further details of the cash cap and subsidy control can be found at: <https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance>.

You do not need to take any further action if you have not received any other 2023/24 Retail, Hospitality and Leisure Relief for premises other than the one to which this bill relates and you have not received more than the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24).

If the following applies to you, please complete the declaration at Form A (accepting the relief and declaring that you comply with the cash cap and exemption threshold) and return it to the address above:

- you (or if appropriate a company in your Group) have received the 2023/24 Retail, Hospitality and Leisure Relief Scheme support on any other property but to a level below the £110,000 cash cap. You should list the other Retail, Hospitality and Leisure Relief being granted for premises other than the one to which this bill relates, and
- you (or if appropriate a company in your Group) have not received more than the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24). If appropriate you should list the other subsidies you have received.

If the follow applies to you, please complete the attached Form B (refusing the relief) and return it to the address above:



- you have exceeded the cash cap on other properties, or
- you have received more than the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24).

The government and [name of local authority] will not tolerate any business falsifying their records or providing false evidence to gain this discount, including claiming support above the cash cap or the exemption threshold. A ratepayer who falsely applies for any relief, or provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006.

## Form A: Cash cap and exemption threshold declaration

Dear [ ]

NON-DOMESTIC RATES ACCOUNT NUMBER: \_\_\_\_\_

The value of the non-domestic rates the 2023/24 Retail, Hospitality and Leisure Relief to be provided to [name of undertaking] by [name of local authority] is £ [ ].

This award shall comply with the cash cap on claiming the 2023/24 Retail, Hospitality and Leisure Relief and the exemption threshold on the basis that, including this award, [name of ratepayer] (together with any other companies in the same Group) shall not receive more than £110,000 of the Retail, Hospitality and Leisure Relief Scheme for eligible properties within 2023/24 and shall not receive more than £315,000 in total of Minimal Financial Assistance over 3 years (including 2023/24). Find [guidance on the cash cap and Minimal Financial Assistance limit](#).

List of RHL Relief in 2023/24.

Value of RHL Relief | Property Reference No. | Local authority providing subsidy

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List of other subsidies (excluding RHL relief for 2023/24)

Value of other subsidies (2021/22 to 2023/24) | Property Reference No. | Local authority providing subsidy

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I confirm that:

1) I am authorised to sign on behalf of \_\_\_\_\_[name of ratepayer];  
and

2) \_\_\_\_\_[name of ratepayer] shall not by accepting this relief exceed the £110,000 cash cap limit for 2023/24 Retail, Hospitality and Leisure Relief Scheme or the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24).

Signature:

Name:

Position:

Business:

Address and date:

# Form B: Refusal of the 2023/24 Retail, Hospitality and Leisure Relief Scheme form

Name and address of premises

Non-domestic rates account number

Amount of RHL support received

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I confirm that I wish to refuse the 2023/24 Retail, Hospitality and Leisure Relief Scheme in relation to the above premises.

I confirm that I am authorised to sign on behalf of \_\_\_\_\_ [name of ratepayer].

Signature:

Name:

Position:

Business:

Address:

Date: