

# Gedling Borough Council

## Pubs Relief | Guidance

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Last Review: 5<sup>th</sup> December 2017

Next Review Due: c.31<sup>st</sup> March 2019

## **1. Introduction**

In the spring budget 2017, the Chancellor announced a £1,000 business rate discount for public houses with a rateable value of up to £100,000 for one year from 1<sup>st</sup> April 2017.

In the autumn budget 2017, the Chancellor announced a further £1,000 business rate discount for public houses with a rateable value of up to £100,000 for one year from 1<sup>st</sup> April 2018.

This document provides guidance on the Council's administration of the pubs relief scheme. It sets out how the scheme operates and the eligibility criteria that apply.

The Government expects the Council to use its discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief to all qualifying ratepayers. The Government will reimburse the Council using grants under section 31 of the Local Government Act 2003, provided the Council acts in accordance with the Government's guidance. No new legislation will be made to deliver the scheme.

This relief is to be known as "pubs relief".

Any reference to "the Council" means Gedling Borough Council.

## **2. Delegation**

The authority to determine applications in the first instance for supporting pubs relief only is delegated to the Director responsible for Revenues Services.

## **3. Relief provision and funding**

Government will reimburse the Council and those major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the adopted criteria for pubs relief.

The Council will be asked to provide an estimate of its likely total cost for providing the relief in one off estimates for 2017/18 and 2018/19. The Government will then provide payment to the Council for its share (under the rates retention scheme) of the cost of the estimated relief for 2017/18 and 2018/19. The final cost to the Council will be calculated and reconciled following the NNDR3 returns for 2017/18 and 2018/19.

## **4. Who is eligible for the relief and how much relief will be available?**

The scheme will be available to eligible occupied properties with a rateable value of less than £100,000. The majority of pubs are independently owned or managed and will not be part of chains. Where pubs are part of a chain, relief will be available for each eligible property in the chain; subject to meeting State Aid requirements (see paragraph 5 of this guidance).

There is no definitive description of a traditional pub or public house in law which could be readily used by the Council to determine eligibility. The objective has been to adopt an approach that makes the design and eligibility of the scheme easy to implement by the Council in a clear and consistent way, is widely accepted by the industry and which is consistent with the Government's policy intention as set out in the Government's guidance on pubs relief.

The Council's assertion is that eligible pubs should:

- be open to the general public
- allow free entry other than when occasional entertainment is provided
- allow drinking without requiring food to be consumed
- permit drinks to be purchased at a bar.

For the purposes of pubs relief, it should exclude:

- restaurants
- cafés
- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas
- concert halls
- casinos

The proposed exclusions in the list above are not intended to be exhaustive and the Council will determine those cases where eligibility is unclear.

The Council will implement the pubs relief scheme with regard to its business rates base and existing collection practices.

Where eligibility is unclear the Council will also consider broader factors in its consideration. For example, a property which demonstrates the characteristics that would lead it to be classified as a pub, for example being owned and operated by a brewery.

Additionally, the Council may also consider other methods of classification, such as the planning system and the use classes in order to help decide whether a property is a pub or not. However, permission for a particular use class will not necessarily mean that the property meets the definition of a pub.

The total amount of Government-funded relief available for 2017/18 under this scheme is up to £1,000 for each eligible property. There is no relief available under this scheme for properties with a rateable value of £100,000 or more.

Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

Eligibility for pubs relief will not preclude a business from being eligible for supporting small businesses relief or other discretionary relief.

## **5. State aid**

State aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to state aid. However the pubs relief scheme will be state aid compliant where it is provided in accordance with the de minimis regulations (1407/2013).

The de minimis regulations allow an undertaking to receive up to €200,000 of de minimis aid in a rolling three year period (consisting of the current financial year and the two previous financial years).

The Council will seek to ensure that each business requesting pubs relief has not exceeded its threshold through all sources of state funding.

To administer de minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of de minimis aid. This threshold only relates to aid provided under the de minimis regulations (aid under other exemptions or outside the scope of state aid is not relevant to the de minimis calculation).

Pubs are within the scope of state aid law as companies within the hospitality sector can and do set up business in other member states as they trade on a market. Linked enterprises are considered as one single undertaking for the application of the de minimis rule, therefore can receive €200,000 de minimis aid (including that outside of business rates relief) over three years.

## **6. Other reliefs**

If a property is eligible for relief under other schemes for which s.31 grant is payable, for example, "new empty property" relief, or the supporting small businesses relief, the Council will first award relief under those schemes and claim s.31 grant funding in the normal way.

Only having awarded relief under those schemes will the Council then award additional relief in accordance with the pubs relief scheme