

Revenues Services



Gedling Borough Council

Nursery Discount Guidance
2020/21 | Covid-19

Nursery Discount Guidance

1. Introduction

- 1.1 As an extraordinary response to the coronavirus, the Government announced a business rates nursery discount on 18th March 2020.
- 1.2 This discount will apply to hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of Early Years Foundation Stage and which are subject to business rates in the financial year 2020/21. There will be no rateable value limit on the discount.
- 1.3 The Government (in its guidance) has required Ofsted to ensure Gedling Borough Council can access the Early Years Register to help the Council identify eligible businesses.

2. How will the discount be provided?

- 2.1 As this is a measure for 2020-21 only, the Government is not changing the legislation around the reliefs available to properties.
- 2.2 Instead the Government will, in line with the eligibility criteria set out in its own guidance, reimburse Gedling Borough Council (the Council) where it exercises its discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.
- 2.3 The Council will follow this guidance to decide in each individual case when to grant nursery discount.
- 2.4 Central government will fully reimburse the Council for the local share of the discretionary discount (using a grant under section 31 of the Local Government Act 2003). The Government expects the Council to grant a discount to qualifying ratepayers.

3. Delegation

- 3.1 The authority to determine applications for nursery discount only is delegated to the Director responsible for Revenues Services.

4. Properties that will benefit from the discount

- 4.1 Properties that will benefit from the discount will be hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage.
- 4.2 To qualify for the discount 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 discount. For the avoidance of doubt, hereditaments which have closed temporarily due to the Government's advice on Covid-19 will be treated as occupied for the purposes of this discount.

5. How much discount will be available?

5.1 The total amount of government-funded discount available for each property for 2020/21 under this scheme is 100% of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where the Council has used its wider discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.

5.2 The eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula will be used to determine the amount of discount to be granted for a chargeable day for a particular hereditament in the financial year 2020/21:

5.3 Amount of discount to be granted = V

Where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs and those where the Council has used its discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.

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

5.5 Ratepayers that occupy more than one property will be entitled to the discount for each of their eligible properties.

6. State Aid

6.1 Whilst the UK left the EU on 31st January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period state aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

6.2 The Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Nursery Discount scheme will become a notified state aid. The Council is preparing to award the discount ignoring de minimis limits and MHCLG will inform the Council of the outcome of the notification as soon as it is known.

7. Splits, mergers, and changes to existing hereditaments

- 7.1 The discount 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, will be considered afresh for the discount on that day.

Author: Andrew Solley | 21st March 2020

Last Review: None

Next Review Due: March 2021