



HERTSMERE BOROUGH COUNCIL

REVENUES UNIT

BUSINESS RATES SUPPORT FOR PUBS SCHEME GUIDANCE 2017-18 & 2018-19

1 Support for Pubs

- 1.1 At the Spring Budget 2017, the Chancellor announced a £1,000 business rate discount for public houses with a rateable value of less than £100,000 for one year from 1 April 2017. This has now been extended for a further year until 31 March 2019. Local billing authorities are to use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief to all qualifying ratepayers.

2 Eligibility criteria

- 2.1 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 the section 5 of this guidance).
- 2.2 There is no definitive description of a traditional pub or public house in law which could be readily used by central government to advise local authorities in order to determine eligibility. The Government's objective has been to adopt an approach that makes the design and eligibility of the scheme easy to implement by local authorities in a clear and consistent way.
- 2.3 To this end, Hertsmere has decided to utilise the property classification for 'Public House' (Analysis Code CL) and other similar categories used by the central government Valuation Office Agency - which determines property use and Rateable Value for business rate purposes nationally and locally - as the basis for identification of eligible properties within the Borough.
- 2.4 The Government's policy intention 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 these purposes, it should exclude:

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

- 2.5 The proposed exclusions in the list above are not intended to be exhaustive and it is for Hertsmere as the local authority to determine those cases where eligibility is unclear.

3 How much relief will be available?

- 3.1 The total amount of Government-funded relief available under this scheme is up to £1,000 for each eligible property. Relief is only available for properties with a rateable value of less than £100,000. Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
- 3.2 If a property is eligible (or becomes eligible) for relief under other schemes – for example, Small Business Rates Relief, Charitable Relief, the Supporting Small Business Scheme, or the Discretionary Relief Scheme (Revaluation Support) that was also announced within the Spring Budget – local authorities will first award relief under those schemes in the normal way. Only having awarded these reliefs first would any additional relief in accordance with the Pubs Relief Scheme be awarded.

4 How will the relief be awarded?

- 4.1 Properties already identified as eligible for the Support for Pubs Relief will automatically be awarded the discount and ratepayers will receive a new business rates bill once this has been applied to their account.
- 4.2 Ratepayers who do not receive recalculated bills, and who believe they are eligible to receive the Pub Relief discount should contact the Business Rates Team at Hertsmere Borough Council on 0208 207 7409, by email to revenues@hertsmere.gov.uk or by post to the Civic Offices, Elstree Way, Borehamwood, Herts WD6 1WA.
- 4.3 National or multi-national pub companies, chains or organisations will be requested to declare that their company or business has not received more than €200,000 in de minimis state aid in the last three years, and that granting relief under this scheme for this or any other property, whether within Hertsmere or not, will not cause this limit to be exceeded.

5 State Aid

- 5.1 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 support for ratepayers will be State Aid compliant where it is provided in accordance with the de minimis regulations (EC 1407/2013)¹⁴.
- 5.2 The de minimis regulations allow an undertaking to receive up to €200,000 of 'de minimis' aid over a rolling three year period (consisting of the current financial year and the two previous financial years).
- 5.3 It is necessary for the local authority to establish that the awarding of aid will not result in the undertaking having received more than €200,000 of de minimis aid over a rolling 3 year period.
- 5.4 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.