

# Appendix H - Retail Relief Scheme 2025/26

## 1. Introduction

- 1.1. In the 2018 Budget, the Government introduced a new relief scheme for retail properties and these 'retail relief' schemes have existed, albeit with some variations, since the 2019/20 financial year. This paper addresses the need to adopt the government's scheme for the financial year 2025/2026.
- 1.2. To this end, we recommend the adoption of the local policy described in Section 6 below, to award Retail Relief in accordance with the Discretionary Rate Relief powers as contained within Section 47 of the Local Government Finance Act 1988 (as amended), for the year 2025/2026.
- 1.3. The Islington Retail Relief Scheme proposed in Section 6 reflects the Government's guidance.
- 1.4. For the avoidance of doubt the Government have not changed their guidance from the previous year. Their guidance is identical to the current year's 2024/2025 retail relief scheme excepting that the discount rate is reduced to 40% where in 2024/2025 it was higher at 75%. The Government has simply carried over the criteria for the 2024/2025 scheme in its entirety to also be applied in 2025/2026.

## 2. Islington Retail Relief Scheme 2025/26

- 2.1. The Islington Retail Relief Scheme 2025/2026 will award Retail Relief to qualifying businesses equivalent to **40%** of their daily rates charge in respect of chargeable days during the financial year 2025/26 subject to a cash cap of £110,000 per business and on the condition that the ratepayer for that chargeable day has not refused the relief for the eligible hereditament.
- 2.2. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2026. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

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

- 2.3. Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:
  - a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
  - b. for assembly and leisure; or
  - c. as hotels, guest & boarding premises and self-catering accommodation
- 2.4. It is considered shops, restaurants, cafes and drinking establishments, cinemas and live music venues to mean:

<p><b>i. Hereditaments that are being used for the sale of goods to visiting members of the public:</b></p>	<ul style="list-style-type: none"> <li>- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers,</li> <li>- off licences, chemists, newsagents, hardware stores, supermarkets, etc)</li> <li>- Charity shops</li> <li>- Opticians</li> <li>- Post offices</li> <li>- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)</li> <li>- Car/caravan show rooms</li> <li>- – Second-hand car lots</li> <li>- Markets</li> <li>- Petrol stations</li> <li>- Garden centres</li> <li>- Art galleries (where art is for sale/hire)</li> </ul>
<p><b>ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:</b></p>	<ul style="list-style-type: none"> <li>- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)</li> <li>- Shoe repairs/key cutting</li> <li>- Travel agents</li> <li>- Ticket offices e.g. for theatre</li> <li>- Dry cleaners</li> <li>- Laundrette</li> <li>- PC/TV/Domestic</li> <li>- Funeral directors</li> <li>- Photo processing</li> <li>- Tool hire</li> <li>- Car hire</li> </ul>
<p><b>iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:</b></p>	<ul style="list-style-type: none"> <li>- Restaurants</li> <li>- Takeaways</li> <li>- Sandwich shops</li> <li>- Coffee shops</li> <li>- Pubs</li> <li>- Bars</li> </ul>
<p><b>iv. Hereditaments which are being used as cinemas</b></p>	
<p><b>v. Hereditaments that are being used as live music venues:</b></p>	<ul style="list-style-type: none"> <li>- 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</li> </ul>

	<p>used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended)</p> <ul style="list-style-type: none"> <li>- 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).</li> <li>- 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.</li> </ul>
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2.5. We consider assembly and leisure to mean:

<p><b>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).</b></p>	<ul style="list-style-type: none"> <li>- Sports grounds and clubs</li> <li>- Museums and art galleries</li> <li>- Nightclubs</li> <li>- Sport and leisure facilities</li> <li>- Stately homes and historic houses</li> <li>- Theatres</li> <li>- Tourist attractions</li> <li>- Gyms</li> <li>- Wellness centres, spas, massage parlours</li> <li>- Casinos, gambling clubs and bingo halls</li> </ul>
<p><b>ii. Hereditaments that are being used for the assembly of visiting members of the public.</b></p>	<ul style="list-style-type: none"> <li>- Public halls</li> <li>- Clubhouses, clubs and institutions</li> </ul>

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

<p><b>i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:</b></p>	<ul style="list-style-type: none"> <li>- Hotels, Guest and Boarding Houses</li> <li>- Holiday homes</li> <li>- Caravan parks and sites</li> </ul> <p>To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a</p>
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	<p>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.</p> <p>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. There will also be mixed uses. However, it is intended to be a guide for businesses as to the types of uses that the Council considers for this purpose to be eligible for relief. The 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.</p> <p>The list below sets out the types of uses that the Council does not consider to be an eligible use for the purpose of this relief. The Council will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.</p>
<p><b>ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:</b></p>	<ul style="list-style-type: none"> <li>- Financial services (e.g. banks, building societies, cash points, bureaux de change, short term loan providers, betting shops, pawn brokers)</li> <li>- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)</li> <li>- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)</li> <li>- Post office sorting offices</li> <li>- Businesses whose main function is to rent out rooms or office space, conference centres, training facilities, remote working facilities</li> <li>- Businesses whose main function is to provide services or goods to the building industry, builders merchants, timber yards, plumbers merchants</li> </ul>

2.7. 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, a precepting authority, or a functional body, within the meaning of the Greater London Authority Act 1999.

2.8. Retail Relief will normally be awarded pro-actively by the Council using information it already holds about the rateable value and nature of the business. However, any business who considers themselves to qualify can apply for this relief by sending an email to [Business.Rates@islington.gov.uk](mailto:Business.Rates@islington.gov.uk) asking for an assessment. The decision on any award is delegated to the Director of Finance who in turn can authorise officers in their service directorate to take such decisions on his behalf.

- 2.9. State Aid (De Minimis Regulations) and Subsidy Allowance rules will apply when granting Retail Relief and ratepayers will be required to declare any such Aid or Allowance either at the application stage or after the award is made if it is made proactively.
- 2.10. An appeal against a refusal to award on the grounds of whether it is occupied and is being wholly or mainly being used for one of the qualifying purposes in 6.2 can be made to the Council within one month of the Council's notification to the rate payer of this refusal. Any appeal will be considered by the Head of Revenues and Technical Services within a reasonable time period of its submission.
- 2.11. Retail Relief will be calculated in the same format as Business Rate charges and apportioned accordingly, if the occupation, other reliefs or rateable value of a premises, changes. Any award will be credited to the business rates account that is maintained by the Council.
- 2.12. Any award made in error or applied for by the ratepayer or his representative fraudulently, may be recovered by the Council.

## List of Appendices

**Appendix A:** Extract from Business Rates Information Letter (4/2024), In particular 3rd bullet point on the second page, namely...

- The Retail, Hospitality and Leisure (RHL) relief scheme will be extended for one year for 2025/26, retaining the existing eligibility criteria but reducing the level of relief to 40%, up to a cap of £110,000 per business.

### Applies to England

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To: Chief Finance Officers of English Billing Authorities - For the attention of the Business Rates section

From: Non-Domestic Rates Team, LGF - Local Taxation, Ministry of Housing, Communities and Local Government ([ndr@communities.gov.uk](mailto:ndr@communities.gov.uk))

Date: 19 November 2024

### **Business Rates Information Letter (4/2024): Autumn Budget 2024 Business Rates Measures**

This is the fourth business rates information letter to be issued by the Ministry of Housing Communities and Local Government in 2024. See [previous letters](#) and [archived letters](#).

This letter covers:

- Autumn Budget 2024 Business Rates Measures
- ‘Transforming Business Rates’ Discussion Paper
- New Burdens

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# Autumn Budget 2024 business rates measures

At Autumn Budget on 30 October, the Chancellor announced a package of measures to reform business rates and support the high street.

## For 2025/26

For 2025/26 the Chancellor announced a package worth over £1.6 billion:

- The small business multiplier will be frozen at 49.9p.
- The standard multiplier will be updated in April in line with September's CPI figure (1.6%), increasing the multiplier from 54.6p to 55.5p.
- The Retail, Hospitality and Leisure (RHL) relief scheme will be extended for one year for 2025/26, retaining the existing eligibility criteria but reducing the level of relief to 40%, up to a cap of £110,000 per business.
- From April 2025, charitable rate relief will no longer be applicable to private schools.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988) to grant Retail, Hospitality and Leisure relief in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from the government. No new legislation will be required to deliver this scheme.

The Department will shortly publish updated guidance for local authorities for the 2025-26 Retail, Hospitality and Leisure scheme.

The Department introduced primary legislation on the 13 November to amend the Local Government Finance Act 1988 to end charity rate relief eligibility for private schools. This change is intended to take effect from April 2025, subject to Parliamentary process. Private schools which are 'wholly or mainly' concerned with providing full time education to pupils with an Education, Health and Care Plan will remain eligible for relief.

The Department expects local authorities to ensure that their systems are updated, including the implementation of any necessary software changes related to the change in the value of RHL relief, and that bills issued for the 2025/26 tax year reflect the changes announced at the Autumn Statement, including identifying those school properties affected by the removal of charity rate relief ahead of annual billing in 2025/26.

**End of Extract**