



NATIONAL NON-DOMESTIC RATES
NURSERY (CHILDCARE) DISCOUNT POLICY
2021-22

1. Introduction

On 18 March 2020, the Government announced the business rates Nursery Discount 2020/21 as part of the response to the COVID-19 pandemic.

The relief applies to hereditaments which are occupied by providers on Ofsted's Early Years Register and which are wholly or mainly used for the provision of the Early Years Foundation Stage. There is no rateable value limit on the relief. Ofsted has ensured that all local authorities can access the Ofsted Early Years Register to support authorities identify eligible properties.

At the Budget on 3 March 2021, the Chancellor announced that the Nursery Discount would continue to apply at 100% for eligible properties for the first three months of 2021 from 1 April 2021 to 30 June 2021. Subsequently, from 1 July 2021 to 31 March 2022, the Nursery Discount will apply at 66%. From 1 July 2021, the relief will be capped at £105,000 per business.

As this is a measure for 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this policy, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

For the purpose of clarity the 100% relief is for **3 months** only from 1 April 2021 to 30 June 2021.

Local billing authorities are required to adopt a local scheme and determine in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

2. Refusing Relief

Ratepayers have the option to refuse the discount. The ratepayer may refuse the discount for each eligible hereditament anytime up to 30 April 2022. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

For the purposes of section 47 of the Local Government Finance Act 1988, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside the scope of the decision of which hereditaments qualify for the discount and therefore are ineligible for the relief.

3. Which properties will benefit from the relief?

Properties that will benefit from the relief will be hereditaments which are occupied by providers on Ofsted's Early Years Register and which are wholly or mainly used for the provision of the Early Years Foundation Stage.

To qualify for the relief 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 relief. For the avoidance of doubt, hereditaments which have closed temporarily due to the government's advice on COVID-19 should be treated as occupied for the purposes of this relief.

4. Calculation of Relief

Subject to the cash caps, the total amount of government-funded relief available for each property for 2021/22 under this scheme is:

- a. for chargeable days from 1 April 2021 to 30 June 2021 100% of the chargeable amount, and
- b. for chargeable days from 1 July 2021 to 31 March 2022, 66% of the chargeable amount.

The relief should be applied after mandatory reliefs and, other discretionary reliefs funded by section 31 grants have been applied.

Subject to the cash cap, the eligibility for the discount and the discount 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 2021/22;

Amount of relief to be granted = $V \times$ percentage Expanded Retail Discount as found at sections 4a. and 4b. above 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, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties subject to the cash caps explained below.

5. Cash Caps

No cash caps will apply for the period between 1 April 2021 to 30 June 2021.

From 1 July 2021, a person may only receive Nursery Discount relief of up to £105,000 in 2021/22, ignoring any relief for the period before 1 July 2021.

No person can in any circumstance exceed the £105,000 cash cap across all of their hereditaments.

Where a ratepayer has a qualifying connection with another person then those persons should be considered as one person for the purposes of the cash caps. Persons shall be treated as having a qualifying connection with another:

- a. both persons 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 person is a company, the other person (the “second person”) 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.

In those cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap then the authority should automatically withhold the discount