

	Cabinet 10 March 2025
	Report from the Corporate Director for Partnerships, Housing and Resident Services
	Lead Member – Cabinet Member for Housing & Resident Services (Councillor Fleur Donnelly- Jackson)
Council Tax and National Non-Domestic Rates 2025-26: Changes	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	Four Appendix 1: The Council's NNDR Discretionary Scheme; 2025/26 Retail, Hospitality and Leisure Relief Scheme Appendix 2: The Council's 2023/24 Supporting Small Business Relief Scheme to 2025/26 Appendix 3: Discretionary Rate Relief Policy Appendix 4: Business Rates Relief: film studios
Background Papers:	<ul style="list-style-type: none"> • Long-term empty homes and second homes: Council tax premiums and exceptions - GOV.UK • 4/2024: Autumn Budget 2024 - business rates measures - GOV.UK • Non-Domestic Rating (Multipliers and Private Schools) Bill • Business Rates Relief: 2025/26 Retail, Hospitality and Leisure Scheme - GOV.UK • Government Response to the Technical Note on Applying VAT to Private School Fees and Removing the Business Rates Charitable Rate Relief.pdf • Business rates: Film studio relief - local authority guidance - GOV.UK
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1.0 Executive Summary

1.1 This report covers changes affecting both council tax and business rates.

1.2 For business rates:

Retail, Hospitality and Leisure Relief Scheme Hospitality and Leisure Relief Scheme

1.2.1 As it is formally discretionary relief the Council is required to have in place its own scheme for 2025/26, so relief is provided to businesses in Brent. The cost of the relief is reimbursed by central government, see Appendix 1.

Small Business Rate Relief

1.2.2 The existing Supporting Small Business Relief scheme for small and medium properties continues for 2024/25 and 2025/26 having been approved by Cabinet on 13 March 2023, see Appendix 2. No local scheme is required for Transitional Relief that the government will apply from 1 April 2025.

Discretionary Rate Relief – Private Schools

1.2.3 The government has stated that it is “committed to ensuring that every child has access to high-quality education.” Therefore, the government is introducing 20% VAT on education and boarding services for private schools from 1 January 2025. Further to this business rates charitable rate relief for private schools is removed from April 2025. To bring the Council Policy regarding discretionary rate relief into line with the policy intention of the legislation from government the Council may amend its discretionary rate relief policy to explicitly exclude private schools from support. 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 business rates charitable relief and potentially for discretionary relief under the Council’s Policy.

Business rates: Film studio relief

1.2.4 In the Spring Budget on 6 March 2024, the Chancellor announced that the government would continue to support the creative industries and set out that it would introduce a business rates relief for eligible film studios in England for a ten-year period from 2024/25. This is formally a discretionary policy, so this report recommends a local scheme in accordance with government guidance

published on 19 February 2025, so that such properties in Brent benefit from this relief.

1.3 Council Tax changes

- 1.3.1 The changes required for council tax from April 2025 were approved by Cabinet on 5 February 2024. The purpose here is to clarify the Council's approach to possible exemptions to the premiums charged for empty property and second homes (periodically occupied property) from 1 April 2025 will be in accordance with the government guidance issued on 1 November 2024.

2.0 Recommendation(s)

That Cabinet:

- 2.1 Approves the Council's National Non-Domestic Rates (NNDR) Discretionary Scheme in relation to 2025/26 Retail, Hospitality and Leisure Relief as set out in Appendix 1 of this report and pursuant to the Council's powers under section 47 of the Local Government Finance Act 1988 as amended.
- 2.2 Delegates authority to the the Corporate Director, Partnerships, Housing and Residents Services (Corporate Director Housing and Residents Services from 1 April 2025) in consultation with the Corporate Director, Finance and Resources to implement the discretionary schemes as set out in Appendix 1 & 2.
- 2.3 Approves the revised local discretionary rate relief policy, that is brought into line with the removal of 80% relief from private schools, excepting SEND schools as set out in Appendix 3.
- 2.4 Approve the scheme for Film Studio Relief in accordance with the published government guidance as set out in Appendix 4
- 2.5 Notes that from 1 April 2025 for council tax:
- a. That the council maintains an additional 100% charge for those domestic properties empty for longer than 1 year.
 - b. That the council maintains the council tax premium of 200% in respect of domestic properties that have been empty for longer than 5 years.
 - c. That the council maintains the council tax premium of 300% in respect of domestic properties that have been empty for longer than 10 years.
 - d. A premium of 100% to domestic properties determined to be applicable Second Homes (periodically occupied) as agreed by Cabinet on 6 February 2024.
 - e. Exemptions to these charges will be operated in accordance with government guidance.

3.0 Detail

3.1 Cabinet Member Foreword

- 3.1.1 The report sets out the Council's NNDR Discretionary Scheme 20225/26 - Retail, Hospitality and Leisure for which a local scheme is required to ensure qualifying businesses in Brent receive this government relief. Discretionary rate relief policy is brought into line the law relating to rate relief for private schools and a scheme to provide rate relief for film studios, supporting the creative sector, will be put in place so they will receive their designated relief.
- 3.1.2 The Council's first Strategic Priority targets securing Prosperity and Stability in Brent. The recommendation in this report supports this by making sure government business rates relief is delivered and secondly by encouraging owners and landlords to make best use of any property more quickly rather than leaving them empty, and where this does not happen to increase the council tax revenue available.

3.2 Background

Business Rates Relief – 2025/26 Retail, Hospitality and Leisure Relief Scheme

- 3.2.1 The Government announced the rate relief for 2025/26 in its budget statement of 30 October 2024 and published the guidance for the 2025/26 Retail, Hospitality and Leisure Relief Scheme. The guidance for the Business Rate Supporting Small Business Relief 2023/24 to 2025/26 was agreed by the Council on 13 March 2023, see Appendix 2.
- 3.2.2 In order to award the 2025/26 Retail Hospitality and Leisure Relief Scheme, the Council needs to approve a discount scheme as described in paragraph 1.2 above. This new scheme will be funded by the government. Relief under this scheme will be utilised after other pre-existing relief schemes have been applied. In view of the numbers of ratepayers who will be entitled to relief, this report also seeks approval to delegate authority to the Corporate Director Resident and Housing Services in consultation with the Corporate Director, Finance and Resources to implement the scheme so that officers, and the designated service provider, can award these discretionary reliefs where the set criteria are met within the bills for 2025/26.
- 3.2.3 The relief will provide eligible, occupied, retail, hospitality, and leisure properties with a 40% relief, up to a cash cap limit of £110,000 per business. This is a reduction from the 75% relief provided in 2023/24 and 2024/25.
- 3.2.4 The Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2025/26 in their bills for the beginning of the billing cycle.
- 3.2.5 The Retail Hospitality and Leisure Relief Scheme 2025/26, as this is a

temporary measure for 2025/26, the government is not changing the legislation relating to the reliefs available to properties. Instead, the government has stated that it will, in line with the eligibility criteria set out in the government guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) ("LGFA 1988") to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to the government's guidance, to grant relief under section 47 of the LGFA 1988. The government has stated that it will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the relevant definitions in the government's guidance, using a grant under section 31 of the Local Government Act 2003.

- 3.2.6 Under the cash cap pursuant to the Retail Hospitality and Leisure Relief Scheme, no ratepayer can exceed the £110,000 cash cap across all of their hereditaments in England.

3.3 Private Schools and Discretionary Rate Relief

- 3.3.1 New legislation provides for the removal of 80% mandatory relief for private schools from 1st April 2025. The government has stated that it is "committed to ensuring that every child has access to high-quality education." The change has been brought to secure additional funding to help deliver commitments relating to education and young people, the government has also introduced 20% VAT on education and boarding services provided for a charge by private schools from 1 January 2025. The government will also remove business rates charitable rate relief from private schools in England from April 2025. Together, these policies are expected to raise £1.8 billion per year for government by 2029-30.
- 3.3.2 Therefore to bring the Council Policy into line with the law and the government's policy intention the Council will amend its discretionary rate relief policy to explicitly exclude private school from support. There are currently two private schools in receipt of top-up relief. To remove this relief requires 12 months' notice, this notice will be provided before 31 March 2025, and their relief will end on 31 March 2026.
- 3.3.3 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 business rates charitable relief."

3.4 Business rates: Film studio relief

- 3.4.1 In the Spring Budget on 6 March 2024, the Chancellor announced that the government would continue to support the creative industries and set out that it would introduce a business rates relief for eligible film studios in England for a ten-year period from 2024/25. This report recommends a local scheme in accordance with section 47 of the LGFA 1988 and the government guidance

published on 19 February so that such properties in Brent benefit from this relief.

- 3.4.2 The relief will be available on properties identified by the Valuation Office Agency (VOA), and the VOA will notify the Council of which studios are eligible for support. The Council will use its discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief.
- 3.4.3 Eligible film studios will receive a 40% reduction (inclusive of transitional relief) on gross business rates bills until 2033/2034, backdated to 1 April 2024, in line with Government guidance provided. The value of any transitional relief a studio receives will be deducted from the value of the film studio relief. This means that eligible film studios' final bills will be no more than 60% of their gross bill.
- 3.4.4 The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the definitions in the guidance provided, using a grant under section 31 of the Local Government Act 2003.

3.5 Council Tax Second Homes and long-term empty properties

- 3.5.1 A premium of 100% to domestic properties determined to be applicable Second Homes (periodically occupied) commences on 1 April 2025 as agreed by Cabinet on 6 February 2024.
- 3.5.2 The premium charges for long term empty will continue to apply from 1 April 2025 as now; a council tax premium of 100% after a property has been empty for two years, 200% after being empty for five years and 300% extra once a property is empty for more than ten years.
- 3.5.3 The Council in administering these premium charges will adhere to government guidance in relation to exemptions, these relate to being exempt while marketing a property.

4.0 Stakeholder and ward member consultation and engagement

- 4.1 None, although the proposal is in line with the Council's strategic priority to create prosperity and stability. Ward members have previously supported the charging of the premium to encourage the use of long-term empty properties.

5.0 Financial Considerations

Business Rates

- 5.1 For 2025/26, the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) ("LGFA 1988"), to grant Supporting Small Business Relief and Retail, Hospitality and Leisure Relief Scheme.

- 5.2 It is for individual local authorities, which administer the Supporting Small Business Relief, to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47 of the LGFA 1988. The Council approved this on 13 March 2023. The local scheme for Retail, Hospitality and Leisure Relief Scheme is contained in this report, appendix 1. The government has stated that it will reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the 2023 Supporting Small Business Relief that falls within the relevant definitions in the government guidance.
- 5.3 The 2023 Supporting Small Business Relief scheme is likely to amount to a subsidy. Therefore, any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations. To the extent that a local authority is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act 2022 allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a three-year period (consisting of the 2023/24 year and the two previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or Service of Public Economic Interest [SPEI] financial assistance'. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted under the £315,000 allowance.
- 5.4 The cost Film Studio Relief will be fully reimbursed by government.

Council Tax - Long term empty properties and second homes

- 5.5 The impact of these charges is built into the calculation of the taxbase for 2025/26.

6.0 Legal Considerations

- 6.1 Local authorities have powers to grant local discounts in respect of non-domestic rates pursuant to section 47 of the Local Government Finance 1988 as amended by section 69 of the Localism Act 2011.
- 6.2 A billing local authority in England, when making a decision under section 47(3) of the Local Government Finance Act 1988 (as amended), must have regard to any relevant guidance issued by the Secretary of State, which includes the government guidance of December 2022 in relation to the two schemes that are set out in appendices 3 and 4 to this report.
- 6.3 Section 151 of the Local Government Act 1972 requires that every local authority makes arrangements for the proper administration of their financial affairs and shall secure the appointment of a s151 Officer also known as Chief Financial Officer (CFO) who shall have responsibility for the administration of those affairs.

- 6.4 Section 42A of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 6.5 The Chief finance Officer, appointed under section 151 mentioned above, has a duty to report on the robustness of estimates and adequacy of reserves under section 25 of the Local government Act 2003.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

- 7.1 An Equality Impact Assessment was carried out in 2012 when it was originally agreed to charge the premium as well as amend the discounts applicable to other empty properties. The changes affected non-resident owners and there was no evidence to suggest any particular group would be disadvantaged by the changes, indeed the most significant impact was that it will encourage owners to make their empty properties available for occupation. A further assessment was carried out in 2019 and now with the same outcome.

8.0 Climate Change and Environmental Considerations

- 8.1 None

9.0 Human Resources/Property Considerations (if appropriate)

- 9.1 None

10.0 Communication Considerations

- 10.1 The changes will be communicated via the Council's website and the bills for 2024/25

Report sign off:

Peter Gadsdon

Corporate Director Partnerships, Housing and Resident Services