

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>10 MARCH 2026</b>
<b>Report Title:</b>	<b>NON-DOMESTIC RATES: DISCRETIONARY RELIEF: FOOD AND DRINK HOSPITALITY RATES RELIEF SCHEME 2026-27</b>
<b>Report Owner: Responsible Chief Officer / Cabinet Member:</b>	<b>CORPORATE DIRECTOR - FINANCE AND TRANSFORMATION  CABINET MEMBER FOR FINANCE AND PERFORMANCE</b>
<b>Responsible Officer:</b>	<b>HELEN RODGERS REVENUES MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>Local authorities can use their discretion to grant rates relief on all or part of the amount of non-domestic rates payable to eligible businesses under section 47 of the Local Government Finance Act 1988 (the Act). The Welsh Government will then reimburse authorities for any relief that is provided.</b>
<b>Executive Summary:</b>	<b>The purpose of the report is to seek approval from Cabinet to adopt the Welsh Government’s Food and Drink Hospitality Rates Relief Scheme 2026-27. The Welsh Government will provide grant funding to local authorities in Wales to deliver the Food and Drink Hospitality Rates Relief scheme to eligible businesses for 2026-27. The scheme aims to provide support for eligible occupied properties by offering a discount of 15% on non-domestic rates bills for such properties.</b>

## **1. Purpose of Report**

- 1.1 The purpose of the report is to seek approval from Cabinet to adopt the Welsh Government’s Food and Drink Hospitality Rates Relief Scheme 2026-27

## **2. Background**

- 2.1 The Welsh Government has announced a new Food and Drink Hospitality Rates Relief Scheme for 2026-27 (‘the Scheme’). The Scheme will support hospitality businesses by offering a discount of 15% on non-domestic rates bills for properties being used for the sale of food and/or drink to visiting members of the public.

- 2.2 The Scheme will apply to all eligible businesses, however, the relief will be subject to a cap on the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities. They will also need to declare that they shall not receive more than £315,000 in total of Minimal Financial Assistance (MFA), as defined in the Subsidy Control Act 2022, within a three-year period (consisting of the 2026-27 year and the two previous financial years). The Scheme sets out the various categories of food and/or drink premises that will benefit from relief. These are detailed in **Appendix A** of the report, but broadly the premises included are occupied pubs, restaurants, cafes, bars and live music venues across Wales.
- 2.3 The authority will provide the relief using its discretionary relief powers under section 47 of the Local Government Finance Act 1988. It is for the authority to adopt the Scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will reimburse the authority for the relief that is provided via a grant under section 31 of the Local Government Act 2003.
- 2.4 The Welsh Government grant will be equivalent to a 15% rates relief for eligible properties for the 2026-27 financial year.
- 2.5 The Scheme will run alongside the Small Business Rates Relief Scheme. Small Business Rates Relief is awarded automatically on a maximum of 2 occupied properties in the same business name in any local authority area where the property has a rateable value under £12,000.
- 2.6 It is estimated that, due to the limit of £110,000 per business across Wales, there will be in the region of 142 eligible ratepayers across the county borough that could potentially benefit from having to pay 15% less on their rates bill for the 2026-27 financial year under this Scheme.

### **3. Current situation / proposal**

- 3.1 The Council can elect to adopt the Scheme but cannot amend the Scheme. It is proposed that the Council adopts the Scheme for 2026-27 by authorising the appropriate determination and decision, as required by Sections 47(1) (a) and 47(3) respectively of the Local Government Finance Act 1988.
- 3.2 Full details of the Scheme and the guidance on the application of the Scheme have been received from Welsh Government. Due to the limit of £110,000 per business throughout Wales and the £315,000 in total of MFA over three years including 2026-27, Welsh Government have stated that this scheme will need to be administered on an application basis only. If this Council adopts the Scheme, application forms will be made available on Bridgend County Borough Council's website for all qualifying ratepayers to apply. It is proposed that, upon receipt of a valid application form, the decision to award relief be made by the Revenues Manager providing all terms of the Scheme are met.

3.3 The Chief Executive has delegated power under the Council's Scheme of Delegation of Functions to award relief to all qualifying businesses that may be eligible in accordance with the Non-domestic Rates Relief Scheme, following receipt of the information requested by Welsh Government.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 The Act provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

#### **6. Climate Change and Nature Implications**

6.1 There are no climate change or nature implications arising from this report.

#### **7 Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding and corporate parent implications arising from this report.

#### **8. Financial Implications**

8.1 Welsh Government has provided the Council with an estimated funding allocation for 2026-27 of £329,452 towards the cost of the relief, along with funding of £13,003 towards the cost of administering the scheme. As these figures are based upon estimates of the likely number of ratepayers eligible for support, they are subject to change.

#### **9. Recommendation**

9.1 It is recommended that Cabinet:

- adopts the Non-Domestic Rates Food and Drink Hospitality Rates Relief Scheme 2026-27 as detailed within **Appendix A**.

#### **Background documents:**

None

### Resolution

(a) The Council determines that, unless hereditaments are excepted under (b) below, Section 47(1)(a) (discretionary relief) of the Local Government Finance Act 1988 will apply as regards the hereditaments described in 'The Scheme' in accordance with the rules described in relation to those hereditaments.

It is reasonable for the Council to make this decision having regard to the interests of persons liable to pay business rates set by the Council.

(b) Relief is not available under this resolution in respect of any hereditament which is occupied by -

- the Welsh Ministers, a Minister of the Crown or government department,
- any public authority (including any local authority),
- the holder of any public office, or
- the Crown

(c) The Council decides, under Section 47(3) of the Local Government Finance Act 1988, that during the billing year 2026-27 'The Scheme' shall apply to the hereditaments described..

### The Scheme to be Adopted

#### Introduction

This relief is aimed at eligible businesses in the food and drink hospitality sector, for example pubs, restaurants, cafés, bars and live music venues. The aim of the relief is to support these sectors to manage continued cost pressures.

The Welsh Government will provide grant funding to all 22 local authorities in Wales to deliver Food and Drink Hospitality Rates Relief to eligible businesses for 2026-27. The relief will support eligible occupied properties by offering a discount of 15% on non-domestic rates bills for such properties. The relief will apply to all eligible businesses, subject to a cap on the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. All businesses are required to make a declaration when applying to individual local authorities, confirming that the amount of relief they are seeking across Wales does not exceed this cap.

Properties that will benefit from this relief will be occupied food and drink hospitality properties, such as pubs, restaurants, cafés, bars and live music venues across Wales. More detailed eligibility criteria and exceptions to the relief are set out below.

Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2026 and 31 March 2027. It is intended that, for the purposes of this relief, eligible properties will mean the following (subject to the other criteria in this guidance).

## **Hereditaments that are being used for the sale of food and/or drink to visiting members of the public, such as:**

- Pubs
- Restaurants
- Cafés
- Bars
- Live music venues

Live music venues are properties that are wholly or mainly used for the performance of live music for the purpose of entertaining an audience. An eligible property can only be used for other activities which are ancillary or incidental to the performance of live music (e.g. the sale of food or drink to audience members) or do not affect this primary use (e.g. infrequent use of the venue as a polling station or community event). Many live music venues are classified as other property types which are eligible for this relief (e.g. pubs, restaurants and bars). A property is not a live music venue for the purpose of this relief if it is wholly or mainly used as a nightclub or a theatre.

### **Other considerations**

To qualify for the relief, the hereditament should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, this is a test on use rather than occupation. Therefore, hereditaments that are occupied, but not wholly or mainly used for the qualifying purpose, will not qualify for the relief.

The above list is not intended to be exhaustive as it would be impossible to list all the many and varied food and drink hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves 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.

The grant of the relief is discretionary. Should local authorities decide to exercise their discretion not to apply the relief to eligible businesses, they may wish to consider taking their own legal advice upon any potential consequential legal issues which might arise from such a decision and on a case-by-case basis. Some eligible businesses may choose not to apply for the relief.

### **Properties not considered to be eligible for Food and Drink Hospitality Rates Relief**

The following uses of hereditaments and other circumstances are not considered to be eligible for the relief. In some cases, it will be for local authorities to determine if hereditaments are of a type listed and would not be eligible.

#### **Hereditaments that are:**

- Subject to the retail multiplier
- Used wholly or mainly for the provision of living accommodation as a business (e.g. hotels, guest and boarding houses, holiday homes, and caravan parks and sites)
- Used wholly or mainly for the sale of goods to visiting members of the public (e.g. shops, showrooms, retail warehouses and supermarkets)

- Used wholly or mainly for the sale or provision of services to visiting members of the public (e.g. financial or professional services, salons and launderettes)
- Used wholly or mainly for sports and leisure facilities for visiting members of the public (e.g. sports centres, visitor attractions, theatres and cinemas)
- Used wholly or mainly for the assembly of visiting members of the public (e.g. clubhouses, public halls and institutions)

### **Hereditaments that are not reasonably accessible to visiting members of the public**

If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for the relief, even if there is ancillary use of the hereditament that might be considered to fall within the descriptions listed under Which properties will benefit from relief?

### **Hereditaments that are not occupied**

Hereditaments that are not occupied are not eligible this relief. However, such properties may be eligible for 100% Empty Property Rates Relief for the first three months (and in certain cases, six months) that they are empty. If a hereditament becomes occupied and used for an eligible purpose, it may qualify for the relief for the remainder of the year from the date of occupation.

### **Hereditaments that are owned, rented or managed by a local authority**

Hereditaments owned, rented or managed by a local authority, such as visitor centre restaurants and council-run coffee shops are not eligible for the relief.

### **How much relief will be available?**

The total amount of government funded relief available for each property under this scheme for 2026-27 is 15% of the relevant bill. This is subject to a cap of £110,000 per business across all their properties in Wales.

The relief should be applied to the net bill remaining after mandatory reliefs (including discretionary elements that are fully or partly local authority funded) and other discretionary reliefs funded by section 31 grants have been applied (excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants). The reliefs to be applied before Food and Drink Hospitality Rates Relief include categories of discretionary relief available prior to the Localism Act 2011 (e.g. rates relief for charities, community amateur sports clubs, non-profit organisations, hardship, empty properties). Local authorities may use their wider discretionary powers to offer further discounts outside this scheme or additional relief to hereditaments within the scheme. Where a local authority applies a locally funded relief under section 47 of the Local Government Finance Act 1988, this should be applied after the Food and Drink Hospitality Rates Relief.

The eligibility for the relief and the relief 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 particular hereditament in the financial year.

Amount of relief to be granted =  $V \times 0.15$ , 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 2011, which are not funded by section 31 grants).

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

Businesses that occupy more than one property will be entitled to Food and Drink Hospitality Rates Relief for each of their eligible properties, within the cap of £110,000 per business across Wales. This includes any eligible properties which are excluded from Small Business Rates Relief due to the multiple occupation rule.

A business with a single property with a remaining liability (after reliefs) greater than £733,333 can use the entire allocation of relief. No other properties owned by that business will be eligible for relief.

### **Changes to existing hereditaments, including change in occupier**

If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief if they are eligible, on a pro-rata basis. This will be calculated based on the remaining days of occupation using the formula used in the section titled *How much relief will be available?*

The discount should 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, should be considered afresh for the discount on that day.

### **Retrospective claims for Retail, Leisure and Hospitality Rates Relief in respect of prior years**

Awards of Retail, Leisure and Hospitality Rates Relief for previous financial years may not be made retrospectively, unless the local authority determines that the ratepayer could not reasonably have been expected to apply in the relevant year. Whilst the broad powers of local authorities enable discretionary relief to be retrospectively awarded, funding for any such awards is only covered by the terms of the funding agreement for the current year if the condition for a retrospective application has been met. Retrospective adjustments may otherwise only be made where relief has already been awarded under the terms of the relief in the relevant year and the ratepayer's liability is subsequently revised as a consequence of a change in circumstances (e.g. a change of rateable value).

### **The cash cap and subsidy control**

No ratepayer can, in any circumstances, exceed the £110,000 cash cap across all of their hereditaments in Wales. Where a ratepayer has a qualifying connection with another ratepayer, those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another where:

- both ratepayers are companies and one is a subsidiary of the other, or both are subsidiaries of the same company; or
- only one ratepayer is a company and the other ratepayer has such an interest in that company as would, if the other ratepayer were a company, result in its being the holding company of the other.

As of 4 January 2023, the new UK subsidy control regime commenced with the coming into force of the Subsidy Control Act 2022. The Food and Drink Hospitality Rates Relief scheme is likely to be a subsidy under the new regime. 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 across the UK in a 3-year period (consisting of the 2026-27 year and the two previous financial years). Local authorities should ask the ratepayers, on a self-assessment basis, to declare as part of their application for Food and Drink Hospitality Rates Relief that they are not in breach of the cash cap or MFA limit.

It is the responsibility of the local authority to comply with all relevant subsidy control provisions, including MFA procedure and transparency requirements. More information is available in the UK statutory subsidy control [guidance](#) from the UK Government.

For further advice, the Subsidy Control Unit at the Welsh Government can be contacted at:

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