



1. Home (<https://www.gov.uk/>)
  2. Regional and local government (<https://www.gov.uk/regional-and-local-government>)
  3. Local government (<https://www.gov.uk/regional-and-local-government/local-government>)
  4. Business rates (<https://www.gov.uk/regional-and-local-government/local-government-business-rates>)
  5. Business rates: nursery (childcare) discount 2021 to 2022 – local authority guidance (<https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2021-to-2022-local-authority-guidance>)
- Ministry of Housing, Communities & Local Government (<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government>)

Guidance

# Business rates: nursery (childcare) discount 2021 to 2022 – local authority guidance

Published 4 March 2021

## Contents

About this guidance

Introduction

Nursery Discount

Annex A: Sample paragraphs that could be included in letters to ratepayers about the Nursery Discount and the cash cap

[Print this page](#)



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3) (<https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3>) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gov.uk](mailto:psi@nationalarchives.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2021-to-2022-local-authority-guidance/business-rates-nursery-childcare-discount-2021-to-2022-local-authority-guidance>

## About this guidance

1. This guidance is intended to support local authorities in administering the business rates Nursery Discount, announced in the Budget on 3 March 2021. This guidance applies to England only.
2. This guidance sets out the criteria which central government considers should be met for a hereditament to be eligible for the Nursery Discount 2021/22. The guidance does not replace existing legislation.
3. Enquiries on this measure should be addressed to: ndr@communities.gov.uk

## Introduction

4. On 18 March 2020, the Government announce the business rates Nursery Discount 2020/21 as part of the response to the COVID-19 pandemic.
5. 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.
6. 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.
7. This document provides guidance to authorities about the operation and delivery of the policy.

## Nursery Discount

### How will the relief be provided?

8. As in 2020/21, the government is not changing the legislation relating to the reliefs available to properties. Instead the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual billing authorities to adopt a local scheme and determine in each individual case whether, having regard to this guidance, to grant relief under section 47. Central government will fully reimburse local authorities for their local share of the discretionary relief through grant payments made under section 31 of the Local Government Act 2003.
9. As a short-term measure, authorities may consider rolling forward their 2020/21 scheme into the first three months of 2021/22. Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice before varying a rate relief scheme the effect of which would have been to increase rate bills. Therefore authorities should be clear in their scheme, decision and determination that the 100% scheme is for three months only. Authorities should also ensure that their scheme from 1 April 2021 includes the option for ratepayers to refuse the discount (see paragraphs 16) and 17 below). Billing authorities may also wish to consider issuing a letter to ratepayers providing notification of the award of the extended relief to all effected ratepayers. This should highlight that the 100% relief only applies for the first three months of the financial year and that a further relief scheme will be made in respect of the period 1 July 2021 to 31 March 2022 when the 66% relief will apply to eligible ratepayers.

10. The government will 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 criteria of this guidance. Because billing authorities have completed their NNDR1s for 2021/22 already, payments to major precepting authorities will be unaffected by the award of the relief. Therefore, billing authorities only will be provided with “on account” s. 31 payments for 100% of the relief they anticipate awarding in respect of the retail discount in 2021/22. This will ensure that their cashflow is not affected. In the first instance, payments will cover the relief for the first three months and will be based on existing data.

11. At the end of the year, billing authorities will also be asked to provide outturn data on the actual total cost for providing the relief via the NNR3 forms for 2021/22. The loss of income resulting from the relief for each billing authority and major precepting authority will be reconciled against the on-account payments made over the course of the year and any difference will be paid or recovered. In addition, billing authorities should ensure that they are able to monitor and report the take-up of the scheme at Parliamentary constituency level.

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

12. 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.

13. 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.

14. Billing authorities which are unitary authorities, London boroughs, or metropolitan districts should work with their education teams to identify eligible hereditaments in their area. We strongly urge county councils to assist district councils in identifying eligible properties.

15. 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, to a precepting authority. A “precepting authority” includes fire, police and parish councils or a functional body within the meaning of the Greater London Authority Act 1999.

16. A ratepayer may refuse the Nursery Discount anytime up to 30 April 2022. The ratepayer cannot subsequently withdraw their refusal for all or part of the financial year.

17. Local authorities should make clear in their approved scheme that, for the purposes of section 47 of the 1988 Act, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside of the decision of which hereditaments qualify for the the discount and are therefore ineligible for the relief.

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

18. Subject to the cash cap, 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.

19. The relief should be applied after mandatory reliefs 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 which are not funded by section 31 grants<sup>[footnote 1]</sup>. Of course, billing authorities may wish to use their discretionary powers to offer further discounts outside this scheme or additional relief to hereditaments within the scheme. However, where an authority applies a locally-funded relief, this must be applied after the Nursery Discount as per section 47 of the 1988 Act.

20. Subject to the cash cap, 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 chargeable day for a particular hereditament in the financial year 2021/22:

Amount of relief to be granted = V x percentage Nursery Discount as set out at paragraph 18 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<sup>[footnote 2]</sup>.

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

22. 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.

## Instalments

23. The standard payment arrangement for business rates is for the liability for the year to be paid in 10 or 12 instalments<sup>[footnote 3]</sup>. However, this would mean that those ratepayers eligible for the 2021/22 Nursery Discount would have to make instalments in the first three months of the year when the 100% relief is available. Therefore, authorities should ensure in line with this guidance and in accordance with Part 1, Schedule 1 of The Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Regulations) 1989 (SI 1989/1058), as amended, that ratepayers eligible for the Nursery Discount are not asked to make an instalment in respect of 2021/22 for the three month period that the 100% relief is available for. Billing authorities should provide an alternative installment arrangement for ratepayers which spreads the liability for the period from 1 July 2021 to 31 March 2022 over some or all of the remaining nine months of the year.

## The cash cap

24. No cash cap will apply for the period between 1 April 2021 and 30 June 2021.

25. 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.

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

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

- 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 person were a company, result in its being the holding company of the other.

28. In cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap, the authority should withhold the discount. Otherwise, local authorities may include the discount in bills and ask the ratepayer, on a self-assessment basis, to inform the authority if they are in breach of the cash cap. Annex A of this guidance contains a sample cash cap ratepayer declaration which local authorities may wish to use.

## **Splits, mergers, and changes to existing hereditaments**

29. The Nursery Discount should be applied on a day-to-day basis using the formula set out at paragraph 20. 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 on that day.

## **Annex A: Sample paragraphs that could be included in letters to ratepayers about the Nursery Discount and the cash cap**

At the Budget on 3 March 2021, the Chancellor announced that eligible ratepayers will receive a discount on their business rates bills for the year 2021/22 of 100% for the first three months and 66% for the remainder of the year.

Relief will be provided to eligible properties 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.

In line with the conditions set by the government for the funding of this relief, ratepayers may for the period from 1 July onwards only claim up to £105,000 under the Nursery Discount. This cash cap applies at a Group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company) and also to organisations which, although not a company, have such an interest in a company that they would, if they were a company, result in its being the holding company. Find further details of the cash cap (<https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2021-to-2022-local-authority-guidance>).

If you (or if appropriate a company in your Group) have received the Nursery Discount on any other property then you should return the attached declaration to this authority including any other Nursery Discount you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of Nursery Discount does not exceed the cash cap for 2021/22. If this applies to you, please complete the declaration at Form A and return it to the address above.

If you have exceeded the cash cap on other properties and wish to refuse to receive the Nursery Discount granted in relation to the premises to which this bill and letter relates, please complete the attached Form B and return it to the address above. You do not need to complete the declaration at Form A. This may be particularly relevant to those premises that are part of a large chain, where the cumulative total of Nursery Discount received could exceed the cash cap.

The government and [name of local authority] will not tolerate any business falsifying their records or providing false evidence to gain this discount, including claiming support above the cash cap. A ratepayer who falsely applies for any relief, or provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006.

If you have not received any other Nursery Discount for premises other than the one to which this bill and letter relates, you do not need to complete or return either form.

## Form A: cash cap declaration

Dear [ ]

NON-DOMESTIC RATES ACCOUNT NUMBER: \_\_\_\_\_

The value of the non-domestic rates Nursery Discount to be provided to [name of undertaking] by [name of local authority] is £ [ ].

This award shall comply with the cash cap on claiming the Nursery Discount on the basis that, including this award, [name of ratepayer] (together with any other companies in the same Group) shall not receive (from 1 July 2021 onwards) more than £105,000 of Nursery Discount in 2021/22. Find further details of the cash cap (<https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2021-to-2022-local-authority-guidance>).

Value of Nursery Discount	Property Reference No.	Local authority providing aid

I confirm that:

- 1) I am authorised to sign on behalf of \_\_\_\_\_ [name of ratepayer]; and
- 2) \_\_\_\_\_ [name of ratepayer] shall not exceed Nursery Discount Cash Cap by accepting this Discount.

SIGNATURE: NAME: POSITION: BUSINESS: ADDRESS: DATE:

## Form B: Refusal of Nursery Discount form

Name and address of premises	Non-domestic rates account number	Amount of Nursery Discount

I confirm that I wish to refuse Nursery Discount in relation to the above premises.

I confirm that I am authorised to sign on behalf of \_\_\_\_\_ [name of ratepayer].

SIGNATURE: NAME: POSITION: BUSINESS: ADDRESS: DATE:

1. As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the Nursery Discount.
2. As required in the NNDR3 guidance notes, the former categories of discretionary relief prior to the localism act (i.e. charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before the Nursery Discount.
3. The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1988 regulation 7.

Print this page