

MID SUFFOLK DISTRICT COUNCIL

TO: Cabinet	REPORT NUMBER: MCa/21/36
FROM: Cabinet Member for Finance	DATE OF MEETING: 7 February 2022
OFFICER: Andrew Wilcock (SRP Operations Manager)	KEY DECISION REF NO. CAB324

BUSINESS RATES RELIEF POLICIES

1. PURPOSE OF REPORT

- 1.1 The Government has recently announced some additional Business Rate support schemes. This report provides an overview of these and explains the steps to be taken to implement these reliefs.

2. OPTIONS CONSIDERED

Covid-19 Additional Relief Fund (CARF)

- 2.1 **Option 1 – Delegate authority to the Assistant Director for Corporate Resources in consultation with the Cabinet Members for Finance and Economy to agree a local discretionary COVID-19 additional relief fund policy once the modelling has been complete and system implications are understood.**

A new policy can be introduced for the relief and applications can be invited from ratepayers.

2.2 **Option 2 - Do nothing**

There is no mandatory requirement on billing authorities to provide these discounts, however the Government is funding the scheme. It would therefore be an opportunity missed not to support local ratepayers.

Retail, Hospitality and Leisure Discount, Transitional Relief and Supporting Small Businesses Relief

- 2.3 **Option 1 – Agree the draft policies in Appendices a, b and c. Delegate authority to the Assistant Director for Corporate Resources in consultation with the Cabinet Member for Finance to agree any future changes to the 2022/23 retail, hospitality, and leisure discount policy.**

New policies can be introduced for the schemes. Delegations would be in place to allow the Council to act swiftly should the Government make any further changes to the scheme in the future.

2.4 **Option 2 - Do nothing**

There is no mandatory requirement on billing authorities to provide these discounts, however the Government is funding the scheme. It would therefore be an opportunity missed not to support local ratepayers.

<p>3. RECOMMENDATIONS</p> <p>3.1 That Cabinet give authority to the Assistant Director for Corporate Resources in consultation with the Cabinet Members for Finance and Economy to agree the COVID-19 additional relief fund policy</p> <p>3.2 That Cabinet agree the retail, hospitality and leisure policy, transitional relief policy and supporting small business relief policy for 2022/23 as set out in Appendices a, b and c.</p> <p>3.3 That Cabinet give authority to the Assistant Director for Corporate Resources in consultation with the Cabinet Member for Finance to agree any future changes to the 2022/23 retail, hospitality and leisure discount policy.</p> <p>3.4 That Cabinet gives authority to the Shared Revenues Partnership Operations Manager to administer the Covid-19 additional relief fund, discretionary retail, hospitality and leisure discount, transitional relief and supporting small business relief policies</p>
<p>REASON FOR DECISION</p> <p>To provide discretionary reliefs to support ratepayers in Mid Suffolk.</p> <p>To enable the implementation of the discretionary schemes.</p>

4. Covid-19 Additional Relief Fund (CARF)

- 4.1 On 25 March 2021, the Government announced plans to provide an additional business rates support package, worth £1.5 billion, to support businesses in England affected by COVID-19 but not eligible for existing support linked to business rates.
- 4.2 The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 received royal assent recently, which provided the legislation for the introduction of CARF. The Department for Levelling Up, Housing and Communities (DLUHC) issued guidance for the scheme on the 15th December 2021.
- 4.3 Like the Retail Hospitality and Leisure discount below, this is a temporary measure, the Government is not changing the legislation relating to Business Rates reliefs. Instead the Government will, in line with eligibility criteria, 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.
- 4.4 It will be for individual authorities to adopt a local scheme and determine in each individual case whether, having regard to the guidance and their own local scheme, to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22.

- 4.5 The Council has been allocated £1,929,291. The Government will fully reimburse the Council for discretionary relief awards which comply with this guidance up to the maximum level of the allocations.
- 4.6 The Council will be responsible for designing the discretionary relief scheme. However, the Government has stated that, if the Council is funding the relief from the section 31 grant, they must:
- A. not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
 - B. not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief), and
 - C. direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 4.7 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, the Council may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.
- 4.8 It is for the Council to decide what level of relief should be awarded to each individual hereditament. Any relief applied must be after mandatory reliefs and other discretionary reliefs funded through section 31 grants, excluding those which the Council has used its wider discretionary relief powers introduced by the Localism Act 2011.
- 4.9 Any relief awarded must comply with the Government's subsidy rules, so there will be a requirement for an application process whereby ratepayers can certify that they meet the criteria.
- 4.10 The Council's software provider (NEC) have indicated that any policy introduced would need to deliver a scheme that uses existing functionality. However, they also stated that once the guidance has been received for the Budget changes (Retail Discount), they will meet with the Revenues Product Group to discuss the options available for the Budget changes and CARF.
- 4.11 Although it is important for a policy to be agreed, so that relief can be awarded this financial year, it is as equally important that the policy does not result in an overspend of the allocation and that the software can meet the policy outcomes.
- 4.12 Officers are currently analysing the Business Rates rating list data to identify potentially eligible cases to start modelling schemes and processes to be followed.
- 4.13 Taking the above into account and the short timeline to implement this scheme, Cabinet would need to delegate authority for agreeing the discretionary policy, so that a decision can be taken once the policy is finalised.

5. RETAIL, HOSPITALITY AND LEISURE DISCOUNT

- 5.1 The Government announced in the Budget on the 27th October 2021 that they will provide a temporary Business Rates retail, hospitality, and leisure discount scheme for 2022/23, subject to a cap of £110,000.
- 5.2 The value of the discount will be 50% of the bill after mandatory relief, section 31 funded grants and discretionary relief have been applied. The only exception are any reliefs introduced under the Localism Act (2011) and these are applied after the retail discount. Mid Suffolk has not used this act to introduce any reliefs.
- 5.3 As this is a temporary measure, the Government is not changing the legislation around the discount available to properties. Instead the Government will, 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.
- 5.4 The Government expects local authorities to award the relief to eligible ratepayers in time for the new 2022/23 bill issued in March.
- 5.5 It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief. The 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).
- 5.6 To introduce this relief, there is a requirement for the Council to have a discretionary policy. A draft policy has been produced incorporating the guidance provided by the Government as to the eligibility criteria for the scheme for 2022/23 (see Appendix a)
- 5.7 There is a very short window to introduce this policy for 1st April 2022. To meet the Governments expectation the discount needs to be applied to eligible ratepayer accounts for bills to be despatched early March 2022.

6. TRANSITIONAL RELIEF & SUPPORTING SMALL BUSINESS RELIEF

- 6.1 The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme ends on 31st March 2022, as a result a small number of ratepayers would face an increase to their full rates bill from 1 April 2022.
- 6.2 Supporting small business relief was also introduced in 2017 to help those ratepayers who, as a result of revaluation, would lose some or all of their small business or rural rate relief and as a result would have faced a large increase in their bills. This scheme also ends on the 31st March 2022.
- 6.3 At the Budget on 27th October 2021 the Government announced that it would extend the current transitional relief scheme and the supporting small business scheme for one year to the end of the current revaluation cycle. The scheme will restrict increases in bills to 15% for businesses with small properties (up to and

including £20,000 rateable value) and 25% for medium properties (up to and including £100,00 rateable value).

- 6.4 As this is a temporary measure for 2022/23, the Government is not changing the legislation around transitional relief or the supporting small business relief. Instead, the Government will, in line with the eligibility criteria set out in this guidance, reimburse billing authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, to grant relief. It will be for individual billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance to grant relief under section 47.
- 6.5 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.
- 6.6 The Government expects local authorities to award the relief to eligible ratepayers in time for the new 2022/23 bill issued in March.
- 6.7 Properties that will benefit are those with a rateable value up to and including £100,000 who would have received transitional relief and/or Supporting Small Business Relief in 2022/23. In line with the existing thresholds in the transitional relief scheme, the £100,000 rateable value threshold should be based on the rateable value shown for 1 April 2017 or the substituted day in the cases of splits and mergers.
- 6.8 These changes do not apply to those in downward transition to lower bills – they will fall to their full bill on 1st April 2022.
- 6.9 These reliefs are discretionary, the Council can choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the Council's wider objectives for the local area. However, the Council need to recognise the support that these reliefs will give to local ratepayers and the local economy and the fact that the Government will fund these reliefs.
- 6.10 As with the other reliefs a discretionary policy is required to introduce these relief. Draft policies are contained in Appendices B and C.

7. LINKS TO CORPORATE PLAN

- 7.1 Taking measures to implement these relief schemes will support the local economy.

8. FINANCIAL IMPLICATIONS

Covid-19 Additional Relief Fund (CARF)

- 8.1 The Council has been allocated £1,738,801 for this scheme. This will be received as a section 31 payment. At the end of the year there will be a reconciliation process, with any unspent funding returned to Government.
- 8.2 The Government has stated it recognises that the implementation of this policy will place an additional burden on local authorities and as such will make a new burdens payment.

Retail, Hospitality and Leisure Discount, Transitional Relief and Supporting Small Business Scheme

- 8.3 The Government will reimburse the Council and those major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in the guidance (using a grant under section 31 of the Local Government Act 2003). The Council will provide an estimate of the likely total cost for providing the relief in the National Non-Domestic Rate Return 1 (NNDR1) for 2022/23 and the actual outturn figures in the National Non-Domestic Rate Return 3 (NNDR3) 2022/23.
- 8.4 For 2021/22 there are currently around 362 Mid Suffolk ratepayers in receipt of the retail discount amounting to £2.5m of relief through the hospitality and leisure discount at no cost to the Council. 179 ratepayers receive £142k in transitional relief. This number will reduce further from the 1st April 2022. 8 ratepayers receive the supporting small business relief.

9. LEGAL IMPLICATIONS

- 9.1 The Council can use discretionary relief powers, introduced by the Localism Act (under section 47 of the local Government Finance Act 1988, as amended) to grant relief under this Government scheme.

10. RISK MANAGEMENT

- 10.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If qualifying ratepayers fail to apply for the discount, then they may encounter unnecessary trading difficulties.	3 – Probable	2 – Noticeable / Minor	Officers proactively identify cases that can apply for the discount. Take-up campaign
CARF is under or overspent	3 – Probable	2 – Noticeable / Minor	Monitoring of expenditure and take-up Adjustment to policy if required.
Failure to apply the Government's subsidy rules in terms of discretionary relief awards could result in the	2 – Unlikely	3 – Bad	Design process to include questions in respect of subsidy. Ensure all applicants complete a subsidy declaration.

Council not being fully reimbursed.			
Failure to keep within the maximum level of allocations will result in the Government not fully reimbursing the Council for discretionary relief awards.	2- Unlikely	2 – Noticeable	Monitoring of expenditure and take-up. Adjustment to policy if required.

11. CONSULTATIONS

11.1 No direct consultation has been undertaken in respect of this proposal.

12. EQUALITY ANALYSIS

10.1 An Equality Impact Assessment (EIA) is not required as the policy relates to businesses and not individuals.

13. ENVIRONMENTAL IMPLICATIONS

13.1 None identified from this policy.

14. APPENDICES

Title	Location
(a) Mid Suffolk Draft Retail Hospitality and Leisure Policy	Attached
(b) Mid Suffolk Transitional Relief scheme	Attached
(c) Mid Suffolk Supporting Small Businesses scheme	Attached

**Mid Suffolk District Council
Retail, Hospitality & Leisure Discount
Business Rate Relief Policy 2022/23**

1. Background

- 1.1 The Government announced in the Budget on 27th October 2021 that it will provide a Business Rates Retail, Hospitality & Leisure Discount Scheme.
- 1.2 The relief will apply to occupied retail, leisure, and hospitality properties up to £110,000 per business in the year 2022/23. There will be no rateable value limit on the relief.
- 1.3 The value of the discount will be 50% of the bill and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, except those introduced using the powers granted under the Localism Act 2011.

2. Introduction

- 2.1 The Local Government Finance Act 1988 gives Local Authorities the power to grant discretionary retail discount to properties that are occupied hereditaments that are wholly or mainly being used:
 - (a) as shops, restaurants, cafes, drinking establishments, cinemas, live music venues,
 - (b) for assembly and leisure; or
 - (c) hotels, guest and boarding premises and self-catering accommodation.
- 2.2 The Council has decided to grant relief in accordance with Central Government guidelines and in accordance with this policy

3. Available relief

- 3.1. The total amount of government-funded relief available for each property for 2023/23 under this scheme is 50% of the bill, 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.
- 3.2 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 2022/23:

Amount of relief to be granted = $V \times 0.5$, 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 where local authorities have used their

discretionary relief powers introduced by the Localism Act 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.

- 3.3 Hereditaments which benefit from the relief will be those which for a chargeable day in 2022/23 meet the eligibility criteria at Part 4 and the ratepayer for that chargeable day has not refused the relief for the eligible hereditament. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2023. The ratepayer cannot withdraw their refusal for either all or part of the financial year.
 - 3.4 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 scope of the decision of which hereditaments qualify for the discount and are therefore ineligible for the relief.
 - 3.5 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap per business.
 - 3.6 The relief 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 relief on that day.
4. **Awarding relief**
- 4.1 Properties that will benefit from the relief will be occupied properties up to £110,000 per business that are wholly or mainly being used as retail, leisure, and hospitality properties. There will be no rateable value limit on the relief.
 - 4.2 We consider retail, leisure, and hospitality properties to mean:
 - i. **Hereditaments that are being used for the sale of goods to visiting members of the public:**
 - Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
 - Charity shops
 - Opticians
 - Post offices
 - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
 - Car/ caravan show rooms
 - Second hand car lots

- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. **Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC / TV / domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. **Hereditaments that are being used for the sale of food and / or drink to visiting members of the public:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

iv. **Hereditaments which are being used as cinemas**

v. **Hereditaments that are being used as live music venues:**

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 used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

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).

4.3 We consider assembly and leisure to mean:

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):

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public:

- Public halls
- Clubhouses, clubs, and institutions

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

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, guest, and boarding houses
- Holiday homes

- Caravan parks and sites

4.5 To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. 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.

4.6 As a guide, 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 discount:

- I. Hereditaments that are being used for the provision of the following services to visiting members of the public:
 - Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
 - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)
 - Post office sorting offices
- II. Hereditaments that are not reasonably accessible to visiting members of the public.

5. Administration of applications for relief

- 5.1. The Council's Shared Revenues Partnership will identify the potential properties that may be eligible for the discount.
- 5.2. The Council's Shared Revenues Partnership will administer all applications for the discount and determine the amount of discretionary discount to be awarded.
- 5.3. Decisions regarding discretionary discount will be notified to the ratepayer in writing within 28 days of the decision, or as soon as reasonably practicable. Unsuccessful applicants will be given reasons for any refusal to award relief.

6. The cash cap and subsidy control

- 6.1 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
- 6.2 Where a ratepayer has a qualifying connection with another ratepayer then 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:
 - a. where both ratepayers 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 ratepayer is a company, the other ratepayer (the “second ratepayer”) 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.

- 6.3 Furthermore, the Retail Hospitality and Leisure Scheme is likely to amount to subsidy. Any relief provided by local authorities under this scheme will need to comply with the UK’s domestic and international subsidy control obligations (See the [BEIS guidance for public authorities](#) which explains the subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies, and other international subsidy control commitments).
- 6.4 To the extent that a local authority is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9th December 2021) in a three-year period (consisting of the 2022/23 year and the two previous financial years). Expanded Retail Discount granted in either 2020/21 or 2021/22 does not count towards the £343,000 allowance but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit should be counted.
- 6.5 In those cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap or the Small Amounts of Financial Assistance limit then the authority should automatically withhold the relief. Otherwise, local authorities may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the cash caps or Small Amounts of Financial Assistance limit.

7. Duration of awards

- 7.1. The award of the discount will be made for a fixed period ending on 31st March 2023. The only exception is where the business rates liability of a retail business ends before this date.

8. Right of appeal

- 8.1. There is no statutory right of appeal against a decision made by the Council in respect of discretionary retail discount. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the Head of the Shared Revenues Partnership in consultation with the Council’s Section 151 Officer.
- 8.2. If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.
- 8.3. The right of appeal process does not affect a ratepayer’s legal right to challenge the decision by way of a judicial review.

Mid Suffolk District Council Extension of Transitional Relief Scheme 2022/23

1. Introduction

- 1.4 The Government announced in the Budget on 27th October 2021 that it will extend the current transitional relief scheme for small and medium properties for one year to the end of the current revaluation cycle.
- 1.5 The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme ends on 31st March 2022, as a result a small number of ratepayers will face a jump to their full rates bill from 1st April 2022.
- 1.6 The scheme will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,00 rateable value).
- 1.7 The Council will use its discretionary relief powers, under section 47 of the Local Government Finance Act 1988, to grant relief.
- 1.8 The Council has decided to grant relief in accordance with Central Government guidelines and in accordance with this policy.

2. Available relief

- 2.1 Properties that will benefit are those with a rateable value up to and including £100,000 who would have received transitional relief in 2022/23. In line with the existing thresholds in the transitional relief scheme, the £100,000 rateable value threshold is the rateable value shown for 1st April 2017 or the substituted day in the cases of splits and mergers.
- 2.2 This policy does not apply to those in downward transition to lower bills – they will fall to their full bill on 1st April 2022.

3. Awarding relief

- 3.1 The government will fund discretionary relief to ensure eligible properties receive the same level of protection they would have received had the statutory transitional relief scheme extended into 2022/23.
- 3.2 The practical effects of the transitional relief scheme will remain as it is in the current statutory scheme (As prescribed in the Non- Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265) except that:
 - a. the cap on increases for small properties (with a rateable value of less than or equal to £20,000) in 2022/23 should be assumed to be 15% (before the increase for the change in the multiplier). Specifically, X in regulation

10(6) for the year commencing 1st April 2022 should be assumed to be 115. Q in regulation 10(12) should be assumed to be 1, and

b. the cap on increases for other properties (up to and including £100,000 rateable value) in 2022/23 should be assumed to be 25% (before the increase for the change in the multiplier). Specifically, X in regulation 10(4) for year commencing 1st April 2022 should be assumed to be 125. Q should be assumed to be 1.

- 3.3 As explained above, the scheme applies only to properties up to and including £100,000 rateable value based on the value shown for 1st April 2017 or the substituted day in the cases of splits and mergers. Changes in rateable value which take effect from a later date should be calculated using the normal rules in the transitional relief scheme (i.e., “N over J” for reductions or “N minus J” for increases). For the avoidance of doubt, properties whose rateable value is £100,000 or less on 1st April 2017 (or the day of merger) but increase above £100,000 from a later date will still be eligible for the relief. Where necessary the Valuation Office Agency will continue to issue certificates for the value at 31st March 2017 (regulation 17, SI 2016 No. 1265) or 1st April 2017 (regulations 16 and 18 SI 2016 No.1265). The relief should be calculated on a daily basis.
- 3.4 In cases where a ratepayer would have been in receipt of both Transitional Relief and Supporting Small Business Relief (SSB) in respect of 2022/23, this (and the resulting section 31 grant in respect of that account) will generate a single award of section 47 relief resulting in a chargeable amount equivalent to that had the original transitional relief and SSB schemes continued.
- 3.5 Under the existing statutory transition scheme which ends on 31st March 2022, transitional relief is measured before all other reliefs. But the extension of transitional relief into 2022/23 will be delivered via section 47 of the Local Government Finance Act 1988 which will be measured after other reliefs (including other funded reliefs granted under section 47 such as RHL relief).
- 3.6 Therefore, for the purposes of awarding relief and claiming section 31 grant, the Council will measure the extension of transitional relief after all other reliefs. To do this, the Council will:
- identify those eligible properties which would have qualified for transitional relief in 2022/23,
 - calculate the actual rates bill for those properties in 2022/23 after all other reliefs assuming transitional relief has ended,
 - calculate the rates bill for those properties in 2022/23 after all other reliefs assuming transitional relief continued (in line with the assumptions in this policy), and
 - calculate the difference between stage 2 and 3 and award a section 47 discount to that value.

4. Administration of applications for relief

- 4.1 The Council's Shared Revenues Partnership will identify the potential properties and determine the amount of relief to be awarded.
- 4.2 As with the current transitional relief scheme, the amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year.
- 4.3 Under regulations made under section 47 of the Local Government Finance Act 1988 local authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

5. Subsidy control

- 5.1 The extension of transitional relief scheme is likely to amount to subsidy. Any relief provided under this scheme will need to comply with the UK's domestic and international subsidy control obligations (The BEIS guidance for public authorities explains the subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies, and other international subsidy control commitments).
- 5.2 To the extent that the Council is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9th December 2021) in a three-year period (consisting of the 2022/23 financial year and the two previous financial years) Expanded Retail Discount granted in either 2020/21 or 2021/22 does not count towards the £343,000 allowance but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit, should be counted.
- 5.3 In those cases where it is clear to the Council that the ratepayer is likely to breach the Small Amounts of Financial Assistance Allowance then the Council will automatically withhold the relief.

6. Duration of awards

- 6.1 The award of the relief will be made for a fixed period ending on 31st March 2023.

7. Right of appeal

- 7.1 There is no statutory right of appeal against a decision made by the Council in respect of discretionary relief.

7.2 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

Mid Suffolk District Council Supporting Small Business Relief Scheme 2022/23

1. Introduction

- 1.1 The Government announced in the Budget on 27th October 2021 that it will extend the current Supporting Small Business Relief Scheme (SSB) for one year to the end of the current revaluation cycle.
- 1.2 The scheme will restrict increases in bills to 15% plus inflation (or a cash value increase of £600 if greater).
- 1.3 As this is a temporary measure for 2022/23, the Government is not changing the legislation around transitional relief or the supporting small business relief. Instead, the Government will, in line with the eligibility criteria set out in this guidance, reimburse billing authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, to grant relief.
- 1.4 The Council will adopt the scheme as set out in this document.

2. Background

- 2.1 In 2017, the Government announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to revaluation. The scheme is known as 'Supporting Small Businesses Scheme'.
- 2.2 The SSB scheme helps those ratepayers who as a result of the change in their rateable value at the revaluation lost some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills.
- 2.3 To support these ratepayers, the SSB ensured that the increase per year in the bills was limited to the greater of
 - a. A percentage increase per annum of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. For the first year of the scheme the percentage increase was taken against the bill for 31st March 2017 after small business rate relief or rural rate relief; or
 - b. A cash value of £600 per year (£50 per month).
- 2.4 The cash minimum increase ensures that those ratepayers paying nothing or very small amount in 2016/17 after small business rate relief were brought into paying something.
- 2.5 In the first year of the scheme, it meant ratepayers losing some or all of their small business rate relief or rural rate relief would see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This meant the ratepayers who in 2016/17 paid nothing under the small business rate relief and are losing all of their entitlement to relief, would under this scheme be paying £3,000 in year 5.

- 2.6 The Government also decided that those on the SSB scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for SSB.
- 2.7 Ratepayers remained in the SSB scheme for either 5 years or until they reach the bill they would have paid without the scheme.
- 2.8 A change of ratepayer will not affect eligibility for the SSB, but eligibility will be lost if the property falls vacant or becomes occupied by a charity or community amateur sports club.
- 2.9 The amount of award of SSB is recalculated in the event of a change of circumstances including the following: -
- a. This could include, for example, a backdated change to the rateable value or the hereditament; or
 - b. The awarding of another relief
- 2.10 This policy extends the SSB scheme for a further financial year 2022/23

3. Available relief

- 3.1 Properties that will benefit are those with a rateable value up to and including £100,000 who would have received SSB in 2022/23. In line with the existing thresholds in the transitional relief scheme, the £100,000 rateable value threshold is the rateable value shown for 1st April 2017 or the substituted day in the cases of splits and mergers.

4. Awarding relief

- 4.1 The government will fund discretionary relief to ensure eligible properties receive the same level of protection they would have received had the statutory SSB scheme extended into 2022/23.
- 4.2 The SSB scheme will remain as it is in the current non-statutory scheme with a percentage cap in 2022/23 of 15% plus inflation (or a cash value increase of £600 if greater).
- 4.3 In cases where a ratepayer would have been in receipt of both Transitional Relief and SSB in respect of 2022/23, this (and the resulting section 31 grant in respect of that account) will generate a single award of section 47 relief resulting in a chargeable amount equivalent to that had the original transitional relief and SSB schemes continued.
- 4.4 The extension of SSB into 2022/23 will be delivered via section 47 of the Local Government Finance Act 1988 which will be measured after other reliefs (including other funded reliefs granted under section 47 such as RHL relief).
- 4.5 Therefore, for the purposes of awarding relief and claiming section 31 grant, the Council will measure the extension of SSB after all other reliefs. To do this, the Council will:

- identify those eligible properties which would have qualified for SSB in 2022/23,
- calculate the actual rates bill for those properties in 2022/23 after all other reliefs assuming SSB has ended,
- calculate the rates bill for those properties in 2022/23 after all other reliefs assuming SSB continued (in line with the assumptions in this policy), and
- calculate the difference between stage 2 and 3 and award a section 47 discount to that value.

5. Administration of applications for relief

- 5.1 The Council's Shared Revenues Partnership will identify the potential properties and determine the amount of relief to be awarded.
- 5.2 As with the current transitional relief scheme, the amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year.
- 5.3 Under regulations made under section 47 of the Local Government Finance Act 1988 local authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

6. Subsidy control

- 6.1 The extension of the SSB scheme is likely to amount to subsidy. Any relief provided under this scheme will need to comply with the UK's domestic and international subsidy control obligations (The BEIS guidance for public authorities explains the subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies, and other international subsidy control commitments).
- 6.2 To the extent that the Council is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9th December 2021) in a three-year period (consisting of the 2022/23 financial year and the two previous financial years) Expanded Retail Discount granted in either 2020/21 or 2021/22 does not count towards the £343,000 allowance but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit, should be counted.

6.3 In those cases where it is clear to the Council that the ratepayer is likely to breach the Small Amounts of Financial Assistance Allowance then the Council will automatically withhold the relief.

7. Duration of awards

7.1 The award of the relief will be made for a fixed period ending on 31st March 2023.

8. Right of appeal

8.1 There is no statutory right of appeal against a decision made by the Council in respect of discretionary relief.

8.2 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.