

Extension to the Transitional Relief and Supporting Small Business Rates Relief Scheme (2022/23 financial year only)

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1.0 Purpose of the Policy

- 1.1 The purpose of this policy is to determine the level of discretionary relief to be awarded in respect of Transitional Relief (TR) and Supporting Small Business Rates relief (SSB) for the financial year commencing 1st April 2022.
- 1.2 This is a government led initiative and the Council is keen to support businesses as far as possible.

2.0 General Explanation

- 2.1 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 31 March 2022 and, as a result, a small number of ratepayers would face a significant increase to their full rates bill from 1 April 2022.
- 2.2 Government has announced that it would like to extend the current Transitional Relief (TR) scheme and the Supporting Small Business scheme (SSB) for one year to the end of the current revaluation cycle.
- 2.3 This scheme, which has been adopted by the Council, 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 £100,000 rateable value).

3.0 How will the relief be provided?

- 3.1 As this is a temporary measure for 2022/23, the government is not changing the legislation around transitional relief. Instead, the government will, in line with the eligibility criteria set out in this guidance, reimburse the Council if it uses its discretionary relief powers, under section 47 of the Local Government Finance Act 1988, to grant relief.

Who is eligible for the relief?

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

How much relief will be available?

- 3.4 Government will fund the discretionary relief to ensure eligible properties receive the same level of protection they would have received had the statutory Transitional Relief scheme and Supporting Small Business scheme extended into 2022/23.
- 3.5 The practical effects of the Transitional Relief scheme will be assumed to 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/£28,000 in London) in 2022/23 will be assumed to be 15% (before the increase for the change in the multiplier). Specifically, X in regulation 10(6) for the year commencing 1 April 2022 will 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 will be assumed to be 25% (before the increase for the change in the multiplier). Specifically, X in regulation 10(4) for year commencing 1 April 2022 will be assumed to be 125. Q will be assumed to be 1.
- 3.6 This scheme applies only to hereditaments 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.
- 3.7 Changes in rateable value which take effect from a later date will be calculated using the normal rules in the Transitional Relief scheme. 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.
- 3.8 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 (as required under regulations 16 and 18 SI 2016 No.1265).
- 3.9 The relief will be calculated on a daily basis.
- 3.10 The Supporting Small Business scheme will be assumed to remain as it is in the Council's current scheme (for periods up to 31st March 2022) with a percentage cap in 2022/23 of 15% plus inflation (or a cash value increase of £600 if greater).
- 3.11 Where a ratepayer would have been in receipt of both Transitional Relief and Supporting Small Business in respect of 2022/23, a single award of section 47 relief will be granted resulting in a chargeable amount equivalent to that had the original Transitional Relief and Supporting Small Business schemes continued.

Recalculations of relief

- 3.12 As with the original 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.

Calculating the extension of Transitional Relief and Supporting Small Business where other reliefs apply

- 3.13 Under the statutory Transition scheme which ends on 31 March 2022, Transitional Relief is measured before all other reliefs. But the extension of Transitional Relief and Supporting Small Business scheme 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).

4.0 Subsidy control

- 4.1 The extension of Transitional Relief and Supporting Small Business relief scheme is likely to amount to subsidy. Any relief provided by the Council under this scheme will need to comply with the UK's domestic and international subsidy control obligations.
- 4.2 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 9 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.
- 4.3 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.

5.0 Transitional Relief & Supporting Small Business Rates Relief (2022/23) - the Council's policy for granting discretionary relief.

- 5.1 Over the past few years, a number of schemes have been led by government but without specific legislative changes. These are administered under S47 of the Local Government Finance Act 1988. The Council is keen to support such initiatives especially where they are designed to help local businesses and will look to maximise both the reliefs given as well as maximise any grants receivable. However, the Council reserves the right to vary its approach where thought appropriate.
- 5.2 In the case of transitional relief and supporting small business rates relief, the Council will grant the relief strictly in accordance with government guidance.

6.0 Effect on the Council's Finances

- 6.1 As this is a government led initiative, grants for the full amount awarded will be available through section 31 of the Local Government Act 2003.

7.0 Administration of Discretionary Relief

- 7.1 The following section outlines the procedures followed by officers in granting, amending, or cancelling discretionary relief and reduction. This is essentially laid down by legislation¹

Applications and Evidence

- 7.2 Transitional Relief and Supporting Small Business rates relief will be awarded automatically by the Council.
- 7.3 **The Council will provide this service and provide guidance free of charge. Ratepayers are encouraged to approach the Council direct and NOT pay for such services through third parties.**

Granting of relief

- 7.4 In all cases, the Council will notify the ratepayer of decisions via their rates demand and details will include:
- The amount of relief granted and the date from which it has been granted;
 - The new chargeable amount; and

¹ The Non-Domestic Rating (Discretionary Relief) Regulations 1989

- A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.

7.5 This relief is to be granted from the beginning of the financial year in which the decision is made or when liability begins whichever is the later.

7.6 Variations in any decision will be notified to ratepayers as soon as practicable

8.0 Scheme of Delegation

Granting, Varying, Reviewing and Revocation of Relief

8.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011. However section 223 of the Local Government Act 1992 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees or Officers.

8.2 The Council's scheme of delegation allows for the Revenues and Benefits Manager to award, revise or revoke any discretionary relief applications.

8.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

9.0 Reviews

9.1 Where the Council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any discretionary relief, the case will be reviewed by the Revenues and Benefits Manager. Where a decision is revised, then the ratepayer shall be informed, likewise if the original decision is upheld.

9.2 Where the ratepayer wishes to appeal the decision, the case will be considered by the Council's Section 151 Officer whose decision on behalf of the Council will be final.

9.3 Ultimately the formal appeal process for the ratepayer is Judicial Review although the Council will endeavour to explain any decision fully and openly with the ratepayer.

10.0 Reporting changes in circumstances

10.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief, to be reported as soon as possible or

in any event within 21 days of the change. This will be important where the change would result in the amount of the award being reduced or cancelled.

- 10.2 Where a change of circumstances is reported, the relief will, if appropriate, be revised or cancelled as appropriate. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

11.0 Fraud

- 11.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.