

Revenues Services



Gedling Borough Council

2023 Supporting Small Business Relief |
Guidance

1. Introduction

At the 2022 Autumn Statement the Chancellor announced that the 2023 supporting small business relief (2023 SSBR) scheme will cap bill increases at £600 per year for any business losing eligibility for some or all small business rate relief or rural rate relief at the 2023 revaluation.

Supporting small business relief was first introduced at the 2017 revaluation to support ratepayers facing bill increases greater than the transitional relief caps due to loss of small business rate relief or rural rate relief.

This document provides guidance about the operation and delivery of this relief.

This relief is to be known as “2023 supporting small business relief”.

Any reference to “the Council” means Gedling Borough Council.

2. Delegation

The authority to determine applications in the first instance for supporting small businesses relief only is delegated to the Director responsible for Revenues Services.

3. Relief provision and funding

The government is not changing the legislation around relief. Instead the government will, in line with the eligibility criteria for the supporting small businesses scheme, reimburse the Council for using its discretionary relief powers, under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief.

The government will fully reimburse the Council for the local share of the supporting small businesses relief (using a grant under section 31 of the Local Government Act 2003). In view of the fact that such expenditure will be reimbursed, the government expects the Council to grant supporting small businesses relief to all qualifying ratepayers.

The government will reimburse the Council and major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in this its guidance.

4. Who is eligible for the relief and how much relief will be available?

This section describes in principle the 2023 supporting small business relief (2023 SSBR).

2023 SSBR will help those ratepayers who, as a result of the change in their rateable value at the revaluation, are losing some or all of their small business, rural rate relief or 2017 SSBR and, as a result, are facing large increases in their bills.

Charities and community amateur sports clubs (CASCs), who are already entitled to mandatory 80% relief, are not eligible for 2023 SSBR.

2023 SSBR will ensure that the increase in the bills of these ratepayers is limited to a cash value of £600 per year. This cash maximum increase ensures that ratepayers do not face large bill increases in n2023/24 after transitional relief and small business rate relief (as applicable) have been applied. In order to simplify the scheme, the 2023 SSBR will not include minimum percentage bill increases (unlike the 2017 scheme).

Those on 2023 SSBR whose 2023 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 2023 SSBR.

The 2017 SSBR scheme was provided to support small and medium ratepayers who had seen large increases in their bills at the 2017 revaluation. They have had 6 years of support to allow them to adjust to their full 2017 bills. Therefore, for those ratepayers receiving 2017 SSB relief in 2022/23, any eligibility for 2023 SSBR will end on 31 March 2024.

All other eligible ratepayers remain in 2023 SSBR for either 3 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the 2023 SSBR but eligibility will be lost if the property falls vacant or becomes occupied by a charity or CASC.

There is no second property test for eligibility for the 2023 SSBR scheme. However, those ratepayers who during 2022/23 lost entitlement to small business rate relief (because they failed the second property test) but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended - can continue on the 2023 SSBR scheme for the remainder of their 12 month period of grace.

Operational guidance on eligibility and the value of the 2023 SBRR scheme is at paragraph 8 to this guidance.

5. Recalculations of supporting small businesses relief

As with other reliefs, the amount of relief awarded under the supporting small businesses relief scheme should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

Therefore, when making an award for 2023 SSBR, the Council will ensure in the conditions of the award that the relief can be recalculated in the event of a change to the rating list for the property concerned (retrospective or otherwise). This is so that the relief can be re-calculated if the rateable value changes or there are any other changes to eligibility criteria.

6. Subsidy Control

The 2023 SSBR is likely to amount to a subsidy. Therefore, any relief provided by the Council 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 contains guidance and information for the new UK subsidy control regime, which commenced on 4 January 2023).

<https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments#section-1>

To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a three-year period (consisting of the 2023/24 year and the two previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted under the £315,000 allowance.

In those cases where it is clear to the Council that the ratepayer is likely to breach the MFA limit then the Council will automatically withhold the relief. Otherwise, the Council will 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 MFA limit.

MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council will include details of the subsidy on the subsidy control database.

7. Sequence of reliefs

Hereditaments eligible for charity or CASC relief, or hereditaments which are unoccupied, are not eligible for 2023 SSBR. For the avoidance of doubt, small business rate relief or rural rate relief will not be applied to further reduce the bill found under 2023 SSBR (to avoid the double counting of relief – see the detailed rules paragraph 8 to this guidance).

For example:

- a ratepayer eligible for Small Business Rate Relief whose rateable value has increased from £3,000 (paying £0 in 2022/23) to £14,000 would be paying the following in 2023/24 before 2023 SSBR:

| | |
|--|--------|
| Bill before reliefs | £6,986 |
| Bill after transitional relief | £1,572 |
| Bill after small business rate relief (@1/3) | £1,048 |

- After 2023 SSBR the bill for 2023/24 would be reduced to £600. No further small business rate relief will be applied to the £600 bill.

The same principle applies to properties for which a section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate should not further reduce the bill found under 2023 SSBR.

All other discretionary reliefs, including those funded by section 31 grants, should be considered after the application of 2023 SSBR.

8. Operational guidance

The Council's guidance for the administration of 2023 SSBR (this document) largely follows the Government's published guidance on the scheme. Guidance of this nature is prone to minor changes throughout the life of a valuation list and as such, operational guidance on the Council's 2023 SSBR can be found at **section 2** of the Government's guidance held at a permalink on the Government's website.

<https://www.gov.uk/government/publications/business-rates-relief-2023-supporting-small-business-relief-local-authority-guidance>

A hardcopy of this guidance can be provide on request.

Author: Andrew Solley | Revenues Manager

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Next Review Due: 31st March 2024