

Report to: **Council**

Date: **16 February 2023**

Title: **Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme and 2023 Supporting Small Business Relief**

Portfolio Area: **Support Services – Cllr Hilary Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:
Immediately following this meeting.

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Recommendations:

That the Council:

- 1. Approves the Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme Policy attached at Appendix A.**
- 2. Approves the implementation of the 2023 Supporting Small Business Relief scheme.**

1. Executive summary

- 1.1 The report sets out changes to discretionary relief for business rates announced as part of the Autumn Budget.
- 1.2 Although the Council intends to follow the Government guidance in implementing the changes, it is a discretionary decision and is therefore good practice for the Council to endorse the implementation of the relief schemes through a policy document which clearly sets out the eligibility criteria for awarding the relief.
- 1.3 The 2023/24 Retail, Hospitality and Leisure Scheme will provide eligible, occupied retail, hospitality and leisure properties with a 75% relief up to a cash cap limit of £110,000 per business.
- 1.4 As this is a temporary measure for 2023/24, the government is not changing the legislation relating to the reliefs available to hereditaments. Instead, the Government will, in line with the

eligibility criteria set out in the guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for individual billing authorities to adopt a local scheme and determine each individual case when, having regard to the guidance, they can grant relief under section 47.

- 1.5 The Chancellor also announced a 2023 Supporting Small Business scheme. This will cap bill increases at £600 per year for businesses losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 Revaluation.
- 1.6 Again as this is a temporary measure, the Government is not amending the legislation and expects billing authorities to use their discretionary powers to award the relief.

2. Background

- 2.1 At the Autumn Statement on 17 November 2022 the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth around £2.1 billion in 2023 to 2024.
- 2.2 The 2023/24 Retail, Hospitality and Leisure Scheme will provide eligible, occupied retail, hospitality and leisure properties with a 75% relief up to a cash cap limit of £110,000 per business.
- 2.3 As this is a temporary measure for 2023/24, 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 the guidance, reimburse local authorities that use their discretionary rate relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for individual billing authorities to adopt a local scheme and determine each individual case when, having regard to the guidance to grant relief under section 47.
- 2.4 The Chancellor also announced a 2023 Supporting Small Business scheme. This will cap bill increases at £600 per year for businesses losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation.
- 2.5 Again it is for individual billing authorities, which administer the 2023 Supporting Small Business Relief, to adopt a local scheme and determine in each individual case when, having regard to the guidance, to grant relief under section 47.
- 2.6 It is important that the Council agrees to implement the guidance in February 2023, to enable the relief to be applied to the 2023/24 annual bills due to be issued in the coming weeks.
- 2.7 2023 Supporting Small Business Relief will apply for the duration of the 2023 Rating List i.e. for the period 2023/24 to 2025/26.

- 2.8 Due to the complexity of the eligibility criteria, this scheme is not attached to this report as a policy document. Officers will, however, award relief in accordance with the requirements of the Government guidance.

3. Outcomes/outputs

- 3.1 A decision to adopt the Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme and the 2023 Supporting Small Business Relief scheme will mean that the Council will continue to be able to support businesses who are continuing to experience difficult trading conditions post pandemic and through the cost of living crisis.
- 3.2 By agreeing a scheme now we will be able to award the relief to ratepayers 2023/24 annual bills which will have an immediate benefit in reducing the amount of business rates payable.
- 3.3 Initial estimates suggest that we will be able to support approximately 1,080 businesses through Retail, Hospitality and Leisure relief and 153 businesses through 2023 Supporting Small Business Relief.

4. Options available and consideration of risk

- 4.1 The Council could choose not to access the government funding and exercise its discretionary powers in awarding rate relief. This means that businesses would pay more business rates than they need to and may cause the Council unnecessary reputational damage.

5. Proposed Way Forward

- 5.1 Approve the Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme attached at Appendix A.
- 5.2 Approve the award of 2023 Supporting Small Business Relief to those businesses that meet the Government's eligibility criteria as set out in Business Rates Relief: 2023 Supporting Small Business Relief, local authority guidance.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		Both relief schemes will be administered through discretionary rate relief powers, introduced by the Localism Act 2011, which amended section 47 of the Local Government Finance Act 19887.
Financial implications to include reference		The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as

to value for money		<p>a result of awarding the relief that falls within the definitions in the guidance, using a grant under section 31 of the Local Government 2003.</p> <p>Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non-Domestic Rate Return 1 (NNDR1) for 2023/24. Central government will provide payments to authorities to cover the local share. Local authorities will also be asked to provide outturn data on the actual total cost for providing the relief, via the National Non-Domestic Rate 3 (NNDR3) forms. Any required reconciliations will then be conducted at these points.</p>
Risk		If the recommendations in this report are not approved, funding will not be distributed to businesses in need of support which could cause reputational damage to the Council.
Supporting Corporate Strategy		Supporting the Council's Quality Council Services. Stimulating a thriving economy.
Consultation & Engagement Strategy		As this is the implementation of a central Government change no consultation is required.
Climate Change - Carbon / Biodiversity Impact		None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme