

**Surrey Heath Borough Council**  
**Executive**  
**14 February 2023**

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**2023 Supporting Small Business Relief Scheme**

<b>Portfolio Holder:</b>	Cllr Robin Perry
<b>Strategic Director/Head of Service</b>	Bob Watson
<b>Report Author:</b>	Robert Fox
<b>Key Decision:</b>	Yes
<b>Date Portfolio Holder signed off the report</b>	26 January 2023
<b>Wards Affected:</b>	<b>All</b>

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**Summary and purpose**

At the 2022 Autumn Statement the Chancellor announced the 2023 Supporting Small Business (2023 SSBR) scheme.

For 2023/24 to 2025/26, the government will, in line with the eligibility criteria set out guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant 2023 Supporting Small Business relief.

Adopting the government guidance 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. SSB 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. Surrey Heath adopted a local scheme in respect of the 2017 scheme.

As a billing authority Surrey Heath Borough Council are responsible for administrating 2023 SSBR and are required to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.

**Recommendation**

The Executive is advised to RESOLVE that the Council adopts 2023 Supporting Small business Relief Scheme as set out in Annex A to this report.

## **1. Background and Supporting Information**

- 1.1 Non-domestic (business) property is subject to a property tax which is calculated based on the rateable value of a property and the annual multiplier set by government.
- 1.2 Rateable value is calculated by the Valuation Office Agency (VOA), which is an executive agency of HM Revenue and Customs.
- 1.3 For the purposes of the 2023 Revaluation the rateable value is based on an estimate by the VOA of a property's open market rental value on 1 April 2021.
- 1.4 The Rating List for non-domestic properties is revalued on a regular to ensure the rateable value of non-domestic properties reflect changes in the property market.
- 1.5 The government put in place schemes to mitigate large changes in the business rates payable as a result of Revaluation. Transitional Relief is one such scheme which cushions the increase. In addition, the government also set out schemes that use discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended).
- 1.6 Use of section 47 requires a local scheme to be adopted by a billing authority to allow the relief to be calculated and awarded. The government rules regarding reimbursement of the relief awarded require billing authorities to adopt the government scheme to ensure reimbursement of monies spent.
- 1.7 The suggested local scheme at Annex A for Surrey Heath Borough Council follows the guidance set out by the government to ensure the cost of the relief awarded is fully reimbursed.

## **2. Reasons for Recommendation**

- 2.1 It is considered that limiting the business rate increase to £600 a year to qualifying businesses, with the relief awarded fully funded by the government is a sound approach to help our business rate payers.

## **3. Proposal and Alternative Options**

- 3.1 The suggested local 2023 SSBR scheme follows the government guidance and ensures full reimbursement of the relief awarded
- 3.2 An alternative scheme not following the government guidance may result in the cost of all or part of the local relief awarded falling on Surrey Heath Borough Council.

## **4. Contribution to the Council's Five-Year Strategy**

4.1 **Economy:** the suggested local 2023 SSBR scheme supports our existing businesses affected by the loss of small business rates relief caused by the 2023 Revaluation.

4.2 **Effective and Responsive Council:** Customer service is at the heart of everything we do. Adoption of a local policy in line with the government's guidance ensures we are being responsive to the changes that may be caused by the 2023 Revaluation.

## 5. Resource Implications

5.1 Adopting the scheme set out in Annex A will have no financial impact on Surrey Heath Borough Council business rate income as the government will reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the 2023 Supporting Small Business relief that falls within the definitions in this guidance.

5.2 There will be additional work required at annual billing and the provision of amended software to allow the relief to be calculated and awarded. The government has not indicated if any New Burdens funding will be provided to cover these additional administrative and software costs.

## 6. Section 151 Officer Comments:

6.1 The Council's Strategic Director Finance and Customer Services (Chief Finance Officer/s.151 officer) supports adoption of the policy at Annex A as one that provides support to local businesses and the costs of which are reimbursed by central government.

## 7. Legal and Governance Issues

7.1 Surrey Heath Borough Council may use its discretionary powers under section 47 of the Local Government Finance Act 1988 to grant Supporting Small Business relief. The Council will be refunded the cost of the scheme via grants made under section 31 of the Local Government Act 2003.

7.2 The 2023 scheme 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 which commenced on 4<sup>th</sup> January 2023. 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. The Council will need to monitor the value of support to economic operators to ensure compliance with subsidy controls.

## 8. Monitoring Officer Comments:

8.1 No matters arising.

## **9. Other Considerations and Impacts**

### **Environment and Climate Change**

9.1 None

### **Equalities and Human Rights**

9.2 None

### **Risk Management**

9.3 None

### **Community Engagement**

9.4 The cost of living crisis means more people will move over the threshold into arrears, some for the first time. Facilitating direct conversations with the receptive payers will help to mitigate these external factors to ensure officers can support those residents and gain a positive outcome to the problem. The notion of "Collecting with Care" has been widely adopted by local authorities across the UK, ensuring that they deliver welfare support, benefits signposting and new collections techniques to maximise council tax collections and enhance the authorities' reputation.

## **Annexes**

### **Annex A – Detailed background, case study outcomes and costs**

#### **Background Papers**

Government guidance is published at :

[Business Rates Relief: 2023 Supporting Small Business Relief, local authority guidance](#)