

Meeting date: 9 February 2023

Report to: Full Cabinet

Report title: Business Rates Relief 2023/24

Report from: Acting Chief Executive

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege
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Public/private report: Public

Exempt by virtue of paragraph:

1. Executive Summary

- 1.1 The purpose of this report is to provide Cabinet with details of two new national non-domestic rates relief schemes for 2023/24 and to present policies for approval.
- 1.2 Non-domestic rates, or business rates, are the way that those who occupy non-domestic property contribute towards the cost of local services. Local authorities are responsible for the billing and collection of business rates. The Valuation Office Agency are responsible for setting the rateable value of each property and review this at set intervals known as a revaluation. There was a revaluation in 2017 with the latest revaluation coming into effect from 1 April 2023. How much a ratepayer must pay is determined by multiplying the rateable value by the appropriate non-domestic multiplier. Depending on individual circumstances, a ratepayer may be eligible for a reduction in their business rates bill known as a rate relief.

2. Decision(s) Recommended

- 2.1 Cabinet is asked to approve the Council's Retail, Hospitality and Leisure Relief

Scheme for 2023/24 attached at appendix A.

- 2.2 Cabinet is asked to approve the Council's Supporting Small Business Relief Scheme for 2023/24 attached at appendix B.

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3. Matters for Consideration

3.1 The government announced additional business rates support to eligible businesses as part of the 2022 Autumn Statement. Those businesses eligible for the support include those in the retail, hospitality and leisure sectors and those businesses occupying small and medium sized properties.

RETAIL, HOSPITALITY AND LEISURE RELIEF SCHEME

3.2 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.

3.3 The 2023/24 retail, hospitality and leisure business rates relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with 75% relief, up to a cash cap limit of £110,000 per business. (The amount in 2022/23 was 50% relief).

3.4 Ratepayers have the option to refuse the discount. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2024. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

3.5 Properties that will benefit from the relief are occupied hereditaments that are wholly or mainly used:

- i) As shops, restaurants, cafes, drinking establishments, cinemas or live music venues,
- ii) For assembly and leisure; or
- iii) As hotels, guest & boarding premises or self-catering accommodation.

Further information detailing the types of businesses that are eligible are set out in the Retail, Hospitality and Leisure Relief Scheme policy.

3.6 The government have not amended legislation for this discount, instead the Council has been given discretionary power under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) to apply the discount to those businesses who are eligible.

3.7 A local policy is required, and the Council's proposed policy is attached at appendix A. The Retail, Hospitality and Leisure Relief Scheme policy has been drafted using guidance provided by government.

3.8 Based on a high-level analysis of our current data this indicates there are in the region of 619 businesses that fall within the criteria described in 3.5.

3.9 In accordance with the guidance provided by the government, billing authorities are expected to apply and grant the relief to qualifying ratepayers from the start of the 2023/24 billing year.

SUPPORTING SMALL BUSINESS RELIEF

- 3.10 The Supporting Small Business Relief Scheme (SSBR) was first introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation.
- 3.11 At the Autumn Statement on 17 November 2022 the Chancellor announced that the 2023 Supporting Small Business Relief 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 as a result of the 2023 revaluation. The scheme will apply for 2023/24 to 2025/26.
- 3.12 The 2017 SSBR scheme was provided to support small and medium ratepayers who had seen large increases in their bills as a result of the 2017 revaluation. They have, therefore had 6 years of support to allow them to adjust to their full 2017 bills. In accordance with government guidance, for those ratepayers receiving 2017 SSBR in 2022/23 they will only be eligible for one year of support from the 2023 SSBR scheme. This means their 2023 SSBR will be withdrawn on 31 March 2024. All other eligible ratepayers will receive SSBR support for either the full 3 years or until they reach the bill they would have paid without the scheme.
- 3.13 The government have not amended legislation for this relief, instead the Council has been given discretionary power under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) to apply the relief to those businesses who are eligible.
- 3.14 A local policy is required, and the Council's proposed policy is attached at appendix B. The Supporting Small Business Relief policy has been drafted using guidance provided by government.
- 3.15 Based on a high-level analysis of our current data this indicates that there are in the region of 200 businesses that will be eligible for the Supporting Small Business Relief.
- 3.16 Updates to our Revenues software is required to administer the supporting small business relief. We are currently liaising with our software provider regarding this with the aim to have the relief applied as soon as possible after 1 April 2023.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 Government guidance indicates that local authorities should adopt a local scheme to grant the retail, hospitality and leisure relief scheme and the supporting small business relief scheme.

5. Reasons for recommending preferred option

- 5.1 Adopting a local scheme allows the Council to award the retail, hospitality and leisure relief scheme and the supporting small business relief scheme to support those

businesses that meet the qualifying criteria

6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. 	N/A
<p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. 	The schemes will provide support to eligible businesses within the Solihull area.
<p>Environment:</p> <ol style="list-style-type: none"> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. 	N/A
<ol style="list-style-type: none"> 9. Promote employee wellbeing 	N/A

6.2 Consultation and Scrutiny:

6.2.1 This report has not been presented to a Scrutiny Board.

6.3 Financial implications:

6.3.1 The financial implications of awarding both the retail, hospitality and leisure relief scheme and the supporting small business relief scheme will be met in full by the government using its provisions under Section 31 of the Local Government Act 2003.

6.3.2 The estimated cost of awarding these reliefs is £6 million for Retail, Hospitality and Leisure Relief and £800,000 for Supporting Small Business Relief. These relief

estimates along with the equivalent amount of section 31 grant are reflected in the business rates figures that are included in the updated MTFS and detailed elsewhere on your agenda.

6.4 Legal implications:

6.4.1 Relief will be granted using discretionary powers under section 47 of the Local Government Finance Act 1988

6.5 Risk implications, including Risk Appetite:

6.5.1 There is a risk that the Council could be open to challenge if policies were not agreed and published.

6.5.2 The risk appetite is low as the policies are based on government guidance.

6.6 Equality implications:

6.6.1 The retail, hospitality and leisure relief scheme and the supporting small business relief scheme will be awarded automatically to those businesses who meet the criteria. Policies for both schemes are based on government guidance.

6.6.2 Information will be placed on the Council's website so that the policies and criteria are transparent. The website has translation and interpreting tools to ensure fair access to information for people who have communication barriers.

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1 None

7. List of appendices referred to

7.1 Appendix A – Solihull Council's proposed Retail, Hospitality and Leisure Relief Policy 2023/24

7.2 Appendix B – Solihull Council's proposed Supporting Small Business Relief Policy 2023/24

8. Background papers used to compile this report

8.1 None

9. List of Other Relevant Documents

9.1 None