

TRAFFORD COUNCIL

Report to: Executive
Date: 23 January 2022
Report for: Decision
Report of: Executive Member for Finance and Governance

Report Title

Business Rates Reliefs (Autumn Budget Measures) and Council Tax Related Support 2023-24

Summary

This report sets out a number of changes related to the discretionary Business Rates reliefs announced as part of the Autumn Budget and Council Tax Support awards. Although the Council intends to follow the government guidance in implementing the changes, as some of the measures are discretionary, an Executive decision is required before the Council can implement the changes. In summary, the discretionary changes are:

- Business Rates 2023 Supporting Small Business (SSB) scheme and an extension, with an increase, to the Retail, Hospitality and Leisure (RHL) scheme
- A Council Tax Support Fund to provide additional support to residents in receipt of Local Council Tax Support (CTS)

The cost of the scheme will be fully funded through a Section 31 grant.

In addition, the report proposes a minor change to the wording in the current Council Tax Support Scheme due to a Valuation Tribunal matter

Recommendation(s)

That the Executive:-

- i) Approve the use of proposed relief and support schemes as detailed in the report in line with the government guidance;
- ii) Approve the proposed eligibility criteria as detailed in the report;
- iii) Approve the minor wording changes to the Council Tax Support Scheme

Contact person for access to background papers and further information:

Name: Louise Shaw
Contact Number: 07815 699615

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Successful and Thriving Places Supporting People Out of Poverty
Relationship to GM Policy or Strategy Framework	Supporting the local economy Supporting People Out of Poverty
Financial	The government will fully reimburse local authorities using a grant under Section 31 of the Local Government Act 2003 for the discretionary grants as well as new burdens funding to administer.
Legal Implications:	The government have confirmed that local authorities can use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) and s13A(1)(c) of the Local Government Finance Act 1992
Equality/Diversity Implications	No negative impacts
Sustainability Implications	N/A
Carbon Reduction	N/A
Resource Implications e.g. Staffing / ICT / Assets	Software changes will be required but the cost will be met as above, testing and delivery can be met within existing resources
Risk Management Implications	N/A
Health & Wellbeing Implications	N/A
Health and Safety Implications	N/A

1.0 Background

- 1.1 In the Autumn Statement on 17 November 2022, the Chancellor announced that the Government would provide a package of business rates measures to support businesses in England, and of these, local authorities are expected to use their discretionary powers (under section 47 of the Local Government Finance Act 1988) to grant these discounts:
- A 2023/24 relief for eligible, occupied, retail, hospitality and leisure properties, increasing the current level from 50% to 75% relief on rates bills up to £110,000 per business
 - A new 2023 Supporting Small Business (SSB) scheme for the years 2023/24 to 2025/26, capping increases at £600 per year for any business losing eligibility for some or all of their Small Business Rate Relief or Rural Rate Relief as a result of the 2023 revaluation.
- 1.2 In addition, alongside the Local Government Financial Settlement on 19 December 2022, the Government announced a Council Tax Support Fund that it expects councils to deliver using their discretionary powers under s13A(1)c of the Local Government Act 1992.
- 1.3 Funding has been allocated based on the share of Local Council Tax Support (LCTS) claimants each authority has, with the intention of the scheme being to provide additional support to those claimants not already getting 100% discount.
- 1.4 Local authorities will be compensated for the cost of granting the discount and support through a Section 31 grant.

2.0 Business Rate Reliefs

- 2.1 Of the Autumn Statement announcements on the measures to support businesses, there are two that are temporary and therefore local authorities are expected to deliver under their discretionary powers.
- 2.2 The first of these, is an extension to the Retail, Hospitality and Leisure (RHL) Business Rates Relief Scheme, which will continue to provide eligible (see Appendix A), occupied, retail, hospitality and leisure properties with a relief, increasing from the current 50% to 75% in 2023-24, subject to the cash cap limit of £110,000 per business (see Appendix B).
- 2.3 It is proposed that the relief will continue to be awarded in accordance with the guidance, as it is now, and as previously approved by the Executive on 24 January 2022.
- 2.4 The second change is in response to the revaluation of rates which has been undertaken and will be applicable from 1 April 2023 for the following three financial years.
- 2.5 The 2023 Supporting Small Business (SSB) scheme has been introduced to support small businesses who will lose some, or all, of their current Small Business Rate Relief or Rural Rate Relief as a direct result of the 2023 revaluation by limiting their cash value increase to no more than £600 per year for 2023/24 to 2025/26, subject to the cash cap limit (see Appendix B).
- 2.6 This cash maximum increase ensures that ratepayers do not face large bill increases in 2023/24 after transitional relief and small business rate relief (as applicable) have been applied.
- 2.7 The Council proposes to follow the eligibility criteria as defined in the Government guidance (see Appendix C) when awarding this relief.
- 2.8 As recommended in the guidance, and in line with software capabilities, Trafford expects to apply and grant both reliefs to qualifying ratepayers from the start of the 2023/24 billing year.

3.0 Council Tax Support Fund

- 3.1 Alongside the provisional Local Government Finance Settlement on 19 December 2022, the Government announced £100m of additional funding for local authorities to support the most vulnerable households. Government expects councils to deliver this using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992
- 3.2 Funding has been allocated to councils based on their share of Local Council Tax Support claimants according to the latest data. The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (CTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with Council Tax bills. **Trafford's allocation is £347,250.**

- 3.3 The guidance states that the discount should apply to current CTS claimants that have an outstanding Council Tax liability for the 2023-24 financial year from the beginning of the 2023-24 financial year without the need for an application.
- 3.4 Trafford has c13,400 claimants in receipt of CTS and, due to Trafford's generous CTS scheme which costs the Council c£13.1m each year, almost 10,000 of these receive 100% CTS, meaning they have nothing to pay.
- 3.5 The number of claimants remaining, therefore, receiving some, but not 100% CTS and are therefore eligible for this support is c3,400. It is proposed that the funding is distributed equally across these claimants which would mean up to an extra £100 support being credited to c3,400 vulnerable Trafford residents.
- 3.6 It is anticipated that this would increase the number of residents that have no Council Tax to pay in 2023-24 from 75% to 80%. Final numbers won't be known until the annual uprating exercise and annual liabilities have been calculated but will be distributed in this way based on CTS entitlement as at 1 March 2023.

4.0 Council Tax Support Scheme – Minor Wording Changes

- 4.1 Each year, the Council has to formally approve its CTS scheme for the following financial year, legislatively before the 31 March, practically, before the annual Council Tax billing exercise takes place.
- 4.2 It is proposed that the main existing scheme remains as is, with minimal changes being to align to any changes in national benefits - as previously agreed - as well as legislative changes as required by law as per the Prescribed Requirements Regulations.
- 4.3 In addition the Council is also proposing minor wording amendments in the scheme, following challenges currently awaiting a Valuation Tribunal decision, whereby the intention of the scheme, specifically around how childcare costs are treated, could be more clearly explained in the scheme to avoid any further challenges on the interpretation of the wording. Appendix D details the specific parts within the scheme and how the Council currently processes such claims as intended and how the matter is being challenged, and the suggested amendments.

Other Options

The Council could in effect not access the government funding available on behalf of eligible businesses and residents. This would mean that the Council would not award the reliefs/support and subsequently local businesses would pay more business rates and local residents would pay more Council Tax.

Consultation

As this is the local application of a central Government change no consultation is required.

Reasons for Recommendation

Approval to access and administer funds via the schemes detailed in the report is necessary in order for the Council to provide financial relief to eligible local businesses and Council Tax Payers.

Key Decision : Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance GB

Legal Officer Clearance DS

[CORPORATE] DIRECTOR'S SIGNATURE *(electronic)*..... G. Bentley

To confirm that the Financial and Legal Implications have been considered and the Corporate Director has cleared the report prior to issuing to the Executive Member for decision.

Appendix A – Eligibility for the 2023/24 Retail, Hospitality and Leisure Relief Scheme

1. Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of the following conditions for the chargeable day:

a. they are wholly or mainly being 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

2. We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in [Chapter 16 of the statutory guidance](#) issued in April 2018 under section 182 of the Licensing Act 2003.

3. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities):

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public:

- Public halls
- Clubhouses, clubs and institutions

4. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, guest and boarding houses
- Holiday homes
- Caravan parks and sites

5. To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

6. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. However, it is intended to be a guide for authorities as to the types of uses that the government considers for this purpose to be eligible for relief. Authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

7. The list below sets out the types of uses that the government does not consider to be an eligible use for the purpose of this discount. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount under their local scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)
- Post office sorting offices

Appendix B – The Cash Cap and Subsidy Control

- 1 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
- 2 Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another:
 - a. where both ratepayers are companies, and
 - i. one is a subsidiary of the other, or
 - ii. both are subsidiaries of the same company; or
 - b. where only one ratepayer is a company, the other ratepayer (the “second ratepayer”) has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.
- 3 Furthermore, the Retail Hospitality and Leisure Scheme is likely to amount to subsidy. Any relief provided by Local Authorities 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 will commence on 4 January 2023.
- 4 To the extent that a local authority 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 3-year period (consisting of the 2023/24 year and the 2 previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of ‘Minimal or SPEI financial assistance’. Expanded Retail Discount granted in 2021/22 does not count towards the £315,000 allowance but 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.
- 5 In those cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap or the MFA limit then the authority should automatically withhold the relief. Otherwise, local authorities may 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 cash caps or MFA limit. Part 4 of this guidance contains a sample ratepayer declaration, which local authorities may wish to use to discharge this responsibility.
6. 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 local authority needs to include details of the subsidy on the subsidy control database. Local authorities will need to create an account to use the [Manage UK Subsidies Portal](#). This will enable users to upload subsidy schemes and awards. To gain access, users must email subsidydatabase@beis.gov.uk.

Appendix C – Eligibility for the 2023 Supporting Small Business Relief

Who is eligible for the 2023 Supporting Small Business Relief and how much relief will be available?

1. This section describes in principle the 2023 Supporting Small Business Relief (“2023 SSBR”). Local authorities should use the detailed guidance at section 2 to determine eligibility and calculate bills. 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, who are already entitled to mandatory 80% relief, are not eligible for 2023 SSBR.
2. To support these ratepayers, 2023 SSBR will ensure that the increase in the bills^{[footnote 1](#)} 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 2023/24 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).
3. 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.
4. 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, therefore, 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. Authorities should ensure this eligibility criteria is clear in the scheme approved by their council and that relief for these ratepayers is awarded for one year only so that the relief can then be withdrawn on 31 March 2024 without further notice. The detailed guidance at section 2 includes this change (at paragraph 27(d)). 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^{[footnote 2](#)}. A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
5. 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.
6. Guidance on eligibility and the value of the Supporting Small Business scheme is at Section

Sequence of reliefs

7. Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for 2023 SSBR. And, for the avoidance of doubt, small business rate relief or rural rate relief should not be applied to further reduce the bill found under 2023 SSBR (to avoid the double counting of relief – see the detailed rules in section 2). 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 should be applied to the £600 bill.

8. 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.

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

Subsidy control

10. The 2023 SSBR is likely to amount to a subsidy. Therefore, any relief provided by Local Authorities 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 will commence on 4 January 2023.

11. To the extent that a local authority 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.

12. In those cases where it is clear to the local authority that the ratepayer is likely to breach the MFA limit then the authority should automatically withhold the relief. Otherwise, local authorities may 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.

13. 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 local authority needs to include details of the subsidy on the subsidy control database. Local authorities will need to create an account to use the [Manage UK Subsidies Portal](#). This will enable users to upload subsidy schemes and awards. To gain access, users must email subsidydatabase@beis.gov.uk.

Recalculations of reliefs

14. As with other reliefs, the amount of SSBR awarded should 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.

15. Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

16. Therefore, when making an award for SSBR, local authorities should ensure in the conditions of the award that the relief are subject to the property's continuing eligibility. If the use of the property changes so that it is no longer eligible, the relevant chargeable amount must be recalculated to reflect that fact. And as discussed at paragraph 11 above, authorities should also ensure their approved scheme provides that eligibility for those ratepayers previously in the 2017 SSBR scheme in 2022/23 are eligible for one year of relief only so that the relief can then be withdrawn from those ratepayers on 31 March 2024 without further notice.

Eligibility for the Scheme

17. For 1 April 2023, 2023 SSBR applies to hereditaments for which^{[footnote 31](#)} :

a. the chargeable amount for 31 March 2023 is calculated in accordance with:

i. section 43(4A) and in relation to 43(4A) the value of E for 31 March 2023 is greater than 1, or

ii. section (6A), or

iii. 1. section 47 by virtue of being eligible for schemes introduced by local authorities in 2022/23 to deliver the [Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties](#) as set out in guidance issued by this Department on 20 December 2021, and

b. the chargeable amount for 1 April 2023 would otherwise be found in accordance with section 43(4), 43(4A), 43(6A) or regulations 12(3), 12(7) or 12(9) of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022^[footnote 4], and

c. the chargeable amount for 1 April 2023 would be more than (£600/365 days) higher than the chargeable amount for 31 March 2023.

18. Where for 31 March 2023 the chargeable amount has been found under section 47 other than under a scheme introduced to deliver the [Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties](#), then eligibility for 2023 SSBR should be determined as if section 47 did not apply.

19. Where the hereditament is shown in a local list for the area of a special authority (i.e. the City of London), then eligibility for 2023 SSBR should be determined as if the special authority's small business non-domestic rating multiplier was 49.9p for 2022/23 and 49.9p for 2023/24.

Continued eligibility for the scheme after 1 April 2023

20. After 1 April 2023, 2023 SSBR will cease to apply where:

a. the chargeable amount for a day found under 2023 SSBR is the same as or more than the chargeable amount found in the absence of 2023 SSBR. This ensures that where, for example, the increase in the chargeable amount in 2023 SSBR would take the bill above the level it would otherwise have been then the hereditament will drop out of 2023 SSBR. It also ensures that where, for example, with effect from after 1 April 2023, the hereditament becomes eligible for 100% Small Business Rate Relief then they also fall out of 2023 SSBR,

b. the chargeable amount for a day would otherwise fall to be found by section 43(5) of the 1988 Act or where paragraph 12(5) or sub-paragraphs 2(4), 3(4), 4(4), 5(4) of the Schedule of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 applies (charities or registered community amateur sports clubs),

c. the hereditament for a day is unoccupied. or

d. in respect of days from the 1 April 2024 onwards the hereditament had its chargeable amount for 31 March 2023 found by section 47 by virtue of being eligible for schemes introduced by local authorities in 2022/23 to deliver the [Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties](#) as set out in guidance issued by this Department on 20 December 2021.

21. Furthermore, where the ratepayer during 2022/23 lost entitlement to small business rate relief because they failed the 2nd property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended (and therefore was still entitled to small business rate relief on 31 March 2023), then eligibility for 2023 SSBR will cease at the end of that 12 months period of grace.

22. Hereditaments which cease to be entitled to 2023 SSBR for a day cannot return to eligibility if their circumstances change from a later day. For example, if a property falls unoccupied it will not then be eligible for 2023 SSBR if it subsequently becomes occupied again.

Eligibility post 1 April 2023 by virtue of a regulation 18 certificate

23. As with the transitional relief scheme, where the valuation officer issues a certificate of rateable value under regulation 18 of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 certifying the correct rateable value at 1 April 2023 (in circumstances where they cannot by rule now amend the list for 1 April 2023) then eligibility for 2023 SSBR and the calculation of 2023 SSBR should be revisited using the regulation 18 certified value in place of the value shown in the list for 1 April 2023. As with the transitional relief scheme, this should have effect as regards the days referred to in regulation 18(4) (the effective date of when the list was altered to correct the inaccuracy and subsequent days) or regulation 18(5) (where no alteration has been made).

24. This ensures that those ratepayers whose compiled list 2023 rateable values are increased by the Valuation Office Agency but only from the date the list is altered may still be eligible for SSBR from that point onwards. This ensures those ratepayers are not penalised just because the increase in their rateable value was not backdated to 1 April 2023. This follows the same principle which currently exists in the transitional relief scheme.

Chargeable Amount under the Supporting Small Business Scheme

25. Where 2023 SSBR applies then DLUHC will fund local authorities to apply a chargeable amount under section 47 of the 1988 Act for the period 1 April 2023 to 31 March 2026 found in accordance with the rules in Part 1 to Part 3 of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 subject to the following changes:

a. BL for 2023/24 is the chargeable amount for 31 March 2023 x 365 on the assumption that:

i. section 47 did not apply for 31 March 2023 other than where the hereditament was eligible for the [Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties](#), and

ii. in the City of London the special authority's small business non-domestic rating multiplier was 49.9p for 2022/23.

This ensures the starting base liability for hereditaments eligible for 2023 SSBR include the SBRR, rural rate relief or Extension of TR/SSB for 31 March 2023. The assumptions ensure that other reliefs or the additional supplement on the multiplier charged in the City are not also rolled into the base liability,

b. Where a certificate has been issued under regulations 19 or 20 then BL for 2023/24 should be found in line with a) above but on the assumption that the rateable value in the rating list was the rateable values as certified,

c. References to “(BL x AF)” are to “(BL + 600)”. This ensures the bill increase is no more than £600,

d. regulation 12(6)(b) is omitted. This ensures SBRR is not also applied to the capped bill in 2023 SSBR. This avoids double counting of relief as illustrated at paragraph 15 above,

e. the reference to “2” in regulation 12(8) is “1”. This ensures rural rate relief is not also applied to the capped bill in SSBR. This avoids double counting of relief,

f. “U” is taken to have a value of 0 throughout. This ensures that any hereditament whose rateable value is £51,000 or more does not have to pay the 1.3p supplement whilst eligible for SSBR,

g. for a year (the year concerned) other than 2023/24, BL is (BL + 600) from the year immediately preceding the year concerned.

26. No change is made to the meaning of NCA. However, as discussed above, eligibility for 2023 SSBR ceases when the chargeable amount for a day found under 2023 SSBR is the same as or more than the chargeable amount found outside the scheme.

27. Regulation 6 (special authorities) will apply as normal under 2023 SSBR. This ensures ratepayers in the City of London continue to pay any additional amount attributable to the City multiplier.

28. For the avoidance of doubt, the rules for changes in rateable value with effect from after 1 April 2023 (regulation 13) will continue to apply as normal subject to the amendments in paragraph 30 above. This ensures that, for example, later increases in rateable value are paid in full in the normal way^{[footnote 51](#)}.

Splits and mergers

29. 2023 SSBR will apply to hereditaments:

a. coming into existence because of the circumstances described in paragraph 1 of the Schedule of Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022,

b. where one of the hereditaments from which the new hereditament was formed in whole or in part was for the day immediately before the creation day eligible for 2023 SSBR, and

c. the circumstances described at paragraph 25 above do not apply for the creation day in respect of the hereditament.

30. After the creation day, 2023 SSBR will cease to apply in the circumstances described in paragraph 25 above.

31. The number of hereditaments eligible for 2023 SSBR which then split or merge is likely to be small and devising rules in particular for mergers with properties outside of 2023 SSBR would be complex. Therefore, as with the 2017 SSB scheme, the government has concluded it would be disproportionate to devise detailed rules to prescribe the chargeable amounts in the various circumstances which could arise from a split or a merger.

32. Instead, for hereditaments meeting the criteria in paragraph 36 and 37 above, DLUHC will fund local authorities to apply a chargeable amount under section 47 of the 1988 Act found in accordance with the following principle:

a. that the protection offered by SSBR (that the bill will not rise by more than £600 p.a.) will continue to apply in principle to that part of the newly created hereditament which was immediately before the creation day in SSBR, and

b. that increases (or reductions) in overall rateable value arising from the split or merger are not subject to the protection of SSBR.

33. For simple splits of hereditaments previously eligible for SSB, authorities may wish to simply apportion the chargeable amount in the SSB scheme for the hereditament before the split in line with the change in rateable value from the split (i.e. in line with the principle in the Schedule of Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022).

34. For mergers and reorganisations, authorities will have to estimate the degree to which, in line with the principle of the SSB scheme, that part of the hereditament which was formerly eligible for SSB should continue to receive support under the SSB scheme. DLUHC does not expect authorities to seek any formal apportionments of the rateable value for this purpose.

1. Prior to the Business Rates Supplement (2p for properties in London with a rateable value of more than £70,000) and City of London multiplier (which in 2022/23 is 1.2p higher for all properties in London). The level of these supplements are unchanged at the revaluation but changes in the amounts paid through the supplements are outside the transitional relief scheme and the 2023 SSBR. [↵](#)
2. This will be the bill in the main transitional relief scheme or the ratepayer's final bill. [↵](#)
3. Unless otherwise stated, references are to the Local Government Finance Act 1988 [↵](#)
4. At the time of publication these regulations had been [laid in draft](#) but, subject to Parliament, will be made in the same form before 31 December 2022. [↵](#)
5. Based on the small business non-domestic multiplier. This is because U is taken to have a value of 0 throughout. [↵](#)

Appendix D – Council Tax Support Scheme – Proposed Minor Amendments **(Treatment of Childcare Costs in Universal Credit claims)**

The Council's Council Tax Support (CTS) scheme was first introduced in April 2013 following the abolition of the previous national Council Tax Benefit scheme. At that time, Universal Credit (UC) was not yet live in Trafford.

With regards to benefits that were already in place at that time in which childcare costs were awarded, e.g. Working Families Tax Credit, the scheme that was consulted on and approved made it clear that for the calculation of CTS, a childcare disregard would be applied and therefore any income received towards paying for childcare would be included as income to avoid any double counting.

Once UC claims started to be awarded in Trafford the scheme required amendment due to the distinct differences between UC and legacy benefits, the main being UC is an in and out of work benefit, Housing Costs were now paid as part of the UC award (replacing Housing Benefit) and childcare was only paid up to a certain percentage.

Trafford subsequently amended the wording of the CTS scheme to align these changes, but in relation to the treatment of childcare income, it was to mirror that of those claimants on legacy benefits and in line with the intention of the scheme.

The Council has received 2 challenges on this matter from an advisory agency as they have interpreted the amended wording differently to how it was intended, and does work in practice namely they state that there should be both a childcare disregard in the applicable amount as disregarding the UC income received to pay for childcare costs. The Council has confirmed with the advisory agency the intention of the scheme and how that would be unfair treatment of those on legacy benefits and therefore go against the originally Equalities Impact Assessment (EIA). The cases are now to be presented to a Valuation Tribunal to make a final decision as the advisory agency believes the double counting should be allowed for UC claimants whilst the Council is clear that it should not.

The Council is hopeful of a positive outcome at the VT, however, as the 2023-24 CTS scheme is required to be set before the hearing dates and to avoid any further challenges on this matter, the Council is intending to amend the CTS scheme at paragraph 27 1(c) and (2) and 36 (2) (a) page 47 of CTS to be explicit on the intention of the scheme and to ensure consistency for all working claimants in receipt of childcare costs irrespective of the type of benefit they are in receipt of.