

London Borough of Harrow

Supporting Small Business Rate Relief (SBRR) Policy (“SBRR 2023”)

This discretionary rate relief policy is for Harrow’s Supporting Small Business Rate Relief Scheme applicable to the 2023 Local Rating List (“SSBR2023”) and shall apply to the period 1st April 2023 to 31st March 2026.

Introduction

At the 2022 Autumn Statement, the Chancellor announced that the 2023 Supporting Small Business Relief (SSBR2023) scheme will cap bill increases at £600 per year for any business losing eligibility for some, or all, of its Small Business Rate Relief (SBRR) or Supporting Small Business Rate Relief 2017 (SSBR2017), due to the 2023 revaluation.

Supporting Small Business relief was first introduced at the 2017 revaluation to support Business Ratepayers facing bill increases greater than the Transitional Relief caps due to the loss of Small Business Rate Relief (SBRR). Unlike the SSBR2017 scheme, this scheme does not include a minimum percentage bill increase.

As the relief is a temporary measure for 2023/24 to 2025/26 only, the government is not changing the legislation relating to the reliefs available to properties. Instead, the Government will reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief.

This document sets out Harrow Council’s local discretionary policy regarding the Supporting Small Business Relief (SSBR) Scheme that shall apply for the period 1st April 2023 to 31st March 2026.

This policy is made and issued in accordance with the announcement made by Central Government on 17th November 2022 and subsequent guidance that was distributed to Local Authorities.

This SSBR2023 scheme policy, is applicable to the financial years 1st April 2023 to 31st March 2024, 1st April 2024 to 31st March 2025 and 1st April 2025 to 31st March 2026 with the amount of any bill increase for eligible Business Ratepayers, being limited to a maximum of £600.00 per annum during that period.

Where a Business Ratepayer wishes to refuse this relief, they can do so by uploading a refusal notice using the following link;

www.harrow.gov.uk/bratesevidence

The Local Discretionary Supporting Small Business Relief Scheme (SSBR2023)

This policy is issued in compliance with Harrow delegated powers and refers to the discretionary Supporting Small Business Relief Scheme (SSBR2023). The policy will be applicable to the period 1st April 2023 to 31 March 2026.

Under the scheme, support may be given where the qualifying conditions are met on any day within the above period as further defined within this policy.

Which properties will benefit from SSBR2023?

Eligible properties for SSBR2023 will be occupied hereditaments with a rateable value that exceeds £1 which fulfil the requirements of this policy for a chargeable day commencing 1st April 2023.

The scheme will apply to a Business Ratepayer that has lost some, or all, of their Small Business Rate Relief (SBRR) and SSBR2017 due to the revaluation and as a result is facing a large increase in their rates bill.

Charities and Community Amateur Sports Clubs (CASC's) that are already entitled to mandatory 80% rate relief, shall not be eligible for SSBR2023.

SSBR2023 will ensure that any increase in Business Rates bills for eligible Business Ratepayers, is limited to a cash value of £600 per annum during the period of the scheme.

Business Ratepayers that qualify for SSBR2023 and whose 2023 Local Rating List rateable value is £51,000 or more, will not be liable to pay the small business supplement (currently 1.3p for 2023/24) to fund the SBRR, whilst they remain entitled to SSBR2023.

Business Ratepayers who were entitled as at 31st March 2023 to the Extended SSBR2017 scheme, will be eligible for SSBR2023 for a maximum period of one year only where they meet the qualifying conditions set out within this policy. For clarity, this means that any SSBR2023 entitlement for such a Business Ratepayer in those circumstances, shall cease no later than 31st March 2024.

Other Business Ratepayers will generally remain eligible for SSBR2023 for either 3 years or until they reach the level of Business Rates they would have been required to pay, had the SSBR2023 scheme not existed, whichever occurs sooner.

There is no second property test for eligibility of the SSBR2023 scheme, but if a Business Ratepayer lost their right to SBRR during 2022/23 because they took on another property, they will generally have a 12-month period of grace from that time, before their SBRR is ended. For any period of grace remaining, they may also be eligible for the SSBR2023 scheme.

In accordance with the statutory provisions contained within section 47(8A) LGFA1988, local government hereditaments are excluded from this scheme. As

such, the billing authority (i.e. Harrow Council) may not grant SSBR2023 to itself or a major precepting authority. A “major precepting authority” includes fire, police and parish councils or a functional body, within the meaning of the Greater London Authority Act 1999.

A change in Business Ratepayer shall not affect eligibility for the SSBR2023 scheme. However, if there is a change in Business Ratepayer for which one of the “exclusions” or other conditions set out within this SSBR2023 scheme policy then applies, eligibility to SSBR2023 shall cease accordingly.

Exclusions

The following are excluded from eligibility to SSBR2023:

- Charities and Community Amateur Sports Clubs (“CASC’s”) that are already entitled to mandatory 80% relief,
- Unoccupied properties.

How much relief will be available?

SSBR2023 shall be applied after any mandatory rate reliefs and before Retail, Hospitality and Leisure relief. Please see the order of priority for the various Business Rate reliefs, set out below.

Harrow Council may use discretionary powers to offer further discounts outside this scheme, or additional relief to hereditaments within the scheme.

However, where it applies a locally funded relief under section 47LGFA1988, this should be applied after SSBR2023.

The SSBR2023 will be calculated ignoring any prior year adjustments in liabilities which fall to be due on the day in question.

For the purposes of clarity, the sequence for applying and calculating SSBR2023 relief shall be as follows:

- 1) Improvement Relief
- 2) Transitional Relief
- 3) Mandatory Relief (as specified by statute) For example, small business rates relief.
- 4) Section 47 LGFA1988 discretionary reliefs in the following order:
 - i. SSBR2023
 - ii. Former categories of discretionary relief available before the Localism Act 2011 (i.e., charitable, CASC and rural top up, not for profit)
 - iii. Other discretionary relief (central government funded)
 - iv. 2024/25 Retail Hospitality and Leisure relief scheme
 - v. Other locally funded schemes

Business Ratepayers that occupy more than one property, may be entitled to relief for each of their eligible properties. However, they shall be subject to Subsidy Control Limits for the total of any such relief given. Please see the section below

entitled “Limits – Cash Cap and Subsidy Control” and Annex A to this policy for further details.

There shall be no entitlement to SBRR to further reduce a Business Rates bill, once SSBR2023 has been given. This provision applies also to any reduction made to a Business Rates bill in consequence of Section 44a LGFA1988 (Partly Occupied Property relief), in that any such reduction, shall not further reduce a bill to which SSBR2023 has been awarded.

Eligibility for SSBR2023 on 1st April 2023

For 1st April 2023, SSBR2023 shall apply to hereditaments having regard to the following provisions:

(a) The chargeable amount for 31st March 2023 shall be calculated in accordance with:

(i) Section 43(4A) LGFA1988 and in relation to 43(4A) LGFA1988 the value of E for 31 March 2023 is greater than 1, or

(ii) Section (6A) LGFA1988, or

(iii)(a) Section 47 LGFA1988 by virtue of being eligible for schemes introduced by Harrow 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 the Department for Levelling up, Housing and Communities on 20 December 2021, and

(b) the chargeable amount for 1st April 2023 would otherwise be found in accordance with section 43(4), 43(4A), 43(6A) LGFA1988 or regulations 12(3), 12(7) or 12(9) of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 and

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

Where for 31st March 2023, the chargeable amount has been determined under section 47 LGFA1988 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 LGFA1988 did not apply.

Continued Eligibility for SSBR2023 after 1st April 2023

After 1st April 2023, SSBR2023 shall cease to apply where:

(a) the chargeable amount for a day found under SSBR2023 is the same as, or more than, the chargeable amount found in the absence of SSBR2023. This ensures that where, for example, the increase in the chargeable amount in SSBR2023 would take the bill above the level it would otherwise have been, SSBR2023 shall cease to apply. Where for example, with effect from after 1 April 2023, the hereditament becomes eligible for 100% SBRR, SSBR2023 shall also cease to apply.

(b) the chargeable amount for a day would otherwise fall to be found by section 43(5) LGFA1988 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 1st April 2024 onwards, the hereditament had its chargeable amount for 31 March 2023 determined by section 47 LGFA1988 by virtue of being eligible for schemes introduced 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 the Department to Levelling Up, Housing and Communities on 20th December 2021.

(e) Where a Business Ratepayer lost entitlement to SBRR during 2022/23 because they failed the 2nd property test, but have, under the rules for SBRR, been given a 12-month period of grace before their relief ends (and therefore was still entitled to SBRR on 31st March 2023), then any eligibility for SSBR2023 will cease at the end of that 12 months period of grace.

(f) Hereditaments that cease to be entitled to SBRR2023 for a day cannot become eligible again if their circumstances change from a later day. For example, if a property becomes unoccupied, it will not then be eligible for SSBR2023 if it subsequently becomes reoccupied, irrespective of whether there has been a change in the Business Ratepayer.

Eligibility for SSBR2023 after 1st April 2023 - Regulation 18 Certificates

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 the list cannot be amended for 1st April 2023), then eligibility for SSBR2023 and its calculation shall be reviewed using the regulation 18 certified value in place of the value shown in the list for 1st April 2023.

As with the transitional relief scheme, the above provision 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).

The above principle ensures that Business 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 SSBR2023 from that point onwards. Additionally, it ensures Business Ratepayers are not adversely affected solely because the increase in their rateable value was not backdated to 1 April 2023.

Chargeable Amount Under SSBR2023 Scheme

The chargeable amount to be applied under Section 47 LGFA1988 for the period 1st April 2023 to 31st March 2026 shall be determined 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) the Base Limit for 2023/24 is the chargeable amount for 31st March 2023 x 365 on the assumption that:

(i) Section 47 LGFA1988 did not apply for 31st 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.

The above approach ensures that the starting Base Liability for hereditaments eligible for SSBR2023, includes the SBRR or Extension of Transitional Relief or Supporting Small Business Relief for 31st March 2023 and ensures that other reliefs are not “rolled into” the Base Liability,

(b) Where a certificate has been issued under regulations 19 or 20, the Base Limit for 2023/24 should be determined in accordance with “a” above but on the assumption that the rateable value in the rating list, was the rateable value, as certified,

(c) References to Base Limit (BL) x Appropriate Fraction (AF) are to Base Limit (BL) + 600. This ensures that the bill increase is no more than £600.

(d) Regulation 12(6)(b) is omitted. This ensures that SBRR is not also applied to the capped bill in SSBR2023 and avoids the double counting of relief.

(e) “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 small business supplement, whilst eligible for SSBR2023,

(f). For a year (the year concerned) other than 2023/24, the Base Limit (BL) is Base Limit (BL) + 600 from the year immediately preceding the year concerned.

No change is made to the meaning of Notional Chargeable Amount (NCA). However, eligibility for SSBR2023 shall cease when the chargeable amount for a day determined for SSBR2023 is the same as or more than the chargeable amount found outside of the scheme.

For the avoidance of doubt, the rules for changes in rateable value with effect from a date after 1st April 2023 (regulation 13), shall continue to apply as usual, subject to the amendments shown in the paragraph immediately below. This ensures that, for example, later increases in rateable value are payable in full.

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 SSBR2023 and the calculation of SSBR2023 shall be

reviewed 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).

Splits, mergers, and changes to existing hereditaments

SSBR2023 shall 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 SSBR2023, and

(c) the circumstances described in brackets below, do not apply for the creation day in respect of the hereditament.

(Where for 31 March 2023 the chargeable amount has been found under section 47 LGFA1988 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 SSBR2023 should be determined as if section 47 LGFA 1988 did not apply).

(d) After the creation day, SSBR2023 will cease to apply in the circumstances described in brackets below).

(Where for 31 March 2023 the chargeable amount has been found under section 47 LGFA1988 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 SSBR2023 should be determined as if section 47 LGFA1988 did not apply).

It is anticipated that the number of properties eligible for SSBR2023 that subsequently split from, or merge with another property, is likely to be relatively small and so the government have determined not to devise detailed rules to prescribe the chargeable amount for the various circumstances which could arise from a split or merger.

The general principles to be applied in such circumstances are as follows:

(a) That the protection offered by SSBR2023 (that the bill will not rise by more than £600 per annum) shall continue to apply in principle to that part of the newly created hereditament, which was immediately before the creation day in SSBR2023, and

(b) that increases (or reductions) in overall rateable value arising from the split or merger are not subject to the protection of SSBR2023

For simple splits of properties previously eligible for SSBR, it is anticipated that the chargeable amount will be apportioned to the property before the split, in accordance with the principle in Schedule 1 of Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022, but eligibility will need to be reconsidered for each new hereditament.

For mergers and re-organisations, Harrow will estimate, as far as reasonably practicable in the circumstances, the degree to which the part of the property which was formerly eligible for SSBR2023 should continue to receive support under SSBR2023 subject to continued eligibility.

Recalculations of Relief

The amount of SSBR2023 shall be recalculated in the event of a change of circumstances. This could, for example, include a retrospective change to the rateable value of the hereditament and could arise during the year in question or a later year.

Regulation 16 of The Non-Domestic Rating (Consequential and Other Amendments etc.) (England) Regulations 2023 (SI 1251 of 2023) revoked the Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 1050 of 1989).

This means that from 1st April 2024, the approach to be applied in determining applications for discretionary rate relief, shall be a matter for each Local Authority to consider.

In the case of London Borough of Harrow making a determination to vary or revoke its scheme, it shall give at least 1 year's prior notice. To comply with that requirement, the authority will, each year, issue a formal notice notifying the applicant of the period and amount of the award. This will be by way of a Business Rate Bill and the relief period will be shown on the front of the notice and further explained on the reverse.

For transparency purposes, the SSBR2023 scheme is conditional upon continued eligibility. For example, if a property rateable value is reduced such that a Business Ratepayer becomes entitled to 100% SBRR after 1st April 2023, then they would fall out of the SSBR2023 scheme.

A change of ratepayer will not affect eligibility for the SSBR2023, but eligibility will cease if the property for example becomes:

- a) Vacant or is
- b) Occupied by a charity or Community Amateur Sports Club

To clarify the above, once a property that is eligible for SSBR2023 becomes unoccupied, even if it were to be reoccupied, it would not be eligible for SSBR2023 again, irrespective of whether there has been a change of Business Ratepayer or not.

Appeals

There is no statutory right of appeal against a decision regarding discretionary rate relief determinations made. However, Harrow Council recognises that Business Ratepayers should be entitled to have their entitlement objectively reviewed if they are dissatisfied with the outcome.

A non-statutory appeals process will therefore be applied, as set out in the section below, and any representation submitted accordingly, should be in accordance with the process outlined

Business Ratepayers will in any case be given written notification of the appeals process at the time that they are notified of their eligibility / entitlement to SSBR2023.

This appeals process does not affect a Business Ratepayer's rights to seek alternative legal redress.

Appeal Process

Appeals may be made by the Business Ratepayer or their nominated representative (the "appellant") within 14 days of receiving notification of their entitlement and must identify the name and address of the Business Ratepayer, the grounds on which the appeal is made and may include any new or additional information, provided it is relevant to the decision.

An appellant may appoint an agent or third party to act on their behalf, but in such instances, the Council will require their prior written authorisation before exchanging any correspondence with them.

Appeals against a decision will need to be submitted in writing or by email to the Divisional Director/Head of Service who will then consider the Appeal in consultation with the Portfolio Holder. A decision made by the Divisional Director in consultation with the Portfolio Holder will be final.

Appeals will be considered individually on their own merits.

Period of Rate Relief

This policy shall apply to eligible Business Ratepayers who remain in the SSBR2023 scheme and who were entitled as at 31st March 2023 to the Extended SSBR2017 scheme, for a maximum period of one year only, or for other eligible Business Ratepayers, for up to 3 years or until they reach the level of bill amount that they would have been required to pay, had the SSBR2023 scheme not existed.

From 1st April 2024, statutory provisions regulating, in particular, the award and period for which discretionary rate relief shall be considered, are revoked and all such matters shall instead be subject to local authority policy and determination.. Details of each Discretionary Rate Relief type and policy are available on our webpages at www.harrow.gov.uk/brates

As a general rule, Discretionary Rate Relief applications will be considered for the preceding financial year (i.e. 1st April to 31st March), if an application is determined

on or before the 30th of September of the following year. For example, a discretionary relief application determined on 30th September 2024, may be awarded from 1st April 2023.

To clarify, however, a blanket policy shall not apply to the scheme, with each case being considered on its own merits. For example, where a new Business Rates liability is created retrospectively due to a single property being converted into two units, resulting in a new ratepayer being responsible for the Business Rates for one of the units, if an application is received within a reasonable time frame of the initial Business Rates bill being issued to the new party, a retrospective award from the effective date of the Business Rates liability may be considered, providing there is evidence of entitlement to the relevant discretionary rate relief.

For transparency purposes, awards made under the SSBR2023 scheme are conditional upon continued eligibility to the scheme requirements, but may cease or be varied, if a relevant change of circumstance should occur, as described within this policy.

Cancellation of SSBR2023 Relief

SSBR2023 relief will be cancelled if any of the following events occur:

1. The property concerned becomes unoccupied (i.e. empty);
2. A split or merger of the property has occurred, which means the eligibility ceases;
3. The property becomes occupied by a charity or Community Amateur Sports club
4. It is established that the Business Ratepayer was ineligible for SSBR2023.

Where an occupied property for which SSBR2023 has been given becomes unoccupied, even if it becomes reoccupied, there will be no further SSBR2023 award, irrespective of whether there has been a change of ratepayer or not.

Notification of Award

SSBR2023 may be awarded to:

- a) any business receiving a pre-existing qualifying discount, where it reasonably appears from the information available, that they are eligible for SSBR2023 and
- b) Will be notified to a Business Ratepayer by way of a revised bill, as soon after the 1st April 2023 as is reasonably practicable, following receipt and satisfactory testing of the software.

For SSBR2023 awards made after 1st April 2023, the issued bill should be treated as notification of the award.

Where entitlement to SSBR2023 is based on the continuation of a period of grace where a second property was taken on during 2022-23 allowing for the maximum additional 12-month grace period of entitlement to the SBRR scheme, the Business Rates bill shall either state that the SSBR2023 entitlement will end on 31st March 2024 or an earlier date, where eligibility to the 12-month grace period expires sooner.

Action Taken to Recover Unpaid Rates Whilst a Decision is Pending

Whilst a decision regarding eligibility for SSBR2023 is being considered, payment of Business Rates should continue to be made in accordance with the most recent bill issued to a Business Ratepayer until they are formally notified otherwise, by way of a revised bill.

Limits – Cash Cap and Subsidy Control

The SSBR2023 Scheme is likely to amount to subsidy. Any relief provided by Harrow 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 on the new UK subsidy control regime which commenced on 4th January 2023).

To the extent that Harrow Council is seeking to provide relief that falls within 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 2024/25 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 towards the £315,000 allowance.

In those cases where it is clear to Harrow Council that the Business Ratepayer is likely to breach the MFA limit, then relief may automatically be withheld. Otherwise, Harrow Council may include the relief in bills and ask Business Ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the MFA limit.

Annex A - £110,000 Cash Cap/Minimal Financial Assistance or Small Amount of Financial Assistance Subsidy

In accordance with the conditions prescribed by the government, a Business Ratepayer may only claim up to £110,000 of support under the 2024/25 Supporting Small Business Relief Scheme (SSBR) for all of their eligible hereditaments. The cash cap applies at a Group company level (i.e., holding companies and subsidiaries cannot claim up to the cash cap for each company) and to organisations which, although not a company, have an interest in a company such that they would, if they were a company, result in their being the holding company.

Furthermore, the SSBR is subject to the Minimal Financial Assistance limits under the Subsidy Control Act. This means no recipient can receive over £315,000 over a 3-year period (consisting of the current financial year and the 2 previous financial years).

Covid business grants received from local government and any other subsidy claimed under the Minimal Financial Assistance or Small Amounts of Financial Assistance limit over the 3-year period should be counted.

Therefore, to claim the SSBR, the ratepayer must not have exceeded either the £110,000 cash cap for 2024/25 or the Minimal Financial Assistance limit of £315,000 over 3 years (including 2024/25)). Further details of the cash cap and subsidy control can be found at: <https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance>

The government and London Borough of Harrow will not tolerate any business falsifying their records or providing false evidence to gain this discount, including claiming support above the cash cap or the exemption threshold. A ratepayer who falsely applies for any relief, or provides false information or makes false representation in order to gain relief may be prosecuted for fraud under the Fraud Act 2006