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**Report of:** Ryan Keyworth  
**Report to:** Councillor Cate McDonald  
**Date of Decision:** 25 April 2022  
**Subject:** Review of Non-Domestic Rates (Business Rates)  
Discretionary Relief Policy

Is this a Key Decision? If Yes, reason Key Decision:-

Yes  No

- Expenditure and/or savings over £500,000

N

- Affects 2 or more Wards

N

Which Executive Member Portfolio does this relate to? Finance and Resources

Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken?

Yes  No

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information?

Yes  No

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*“The (**report/appendix**) is not for publication because it contains exempt information under Paragraph (**insert relevant paragraph number**) of Schedule 12A of the Local Government Act 1972 (as amended).”*

### **Purpose of Report:**

The purpose of this report is to note the acceptance of the funding made available to establish a Covid-19 Additional Relief Fund (CARF) scheme and amend the Council’s Non-Domestic Rates (Business Rates) Discretionary Relief Policy. The policy will be amended to include the extension of existing reliefs and the adoption of a new relief.

The Amended Policy is attached as the Appendix to this report.

**Recommendations:**

That the Non-Domestic Rates (Business Rates) Discretionary Relief Policy be amended, as detailed in this report, and set out in the appendix to this report.

That the Council notes the acceptance of the level of funding being made available in relation to CARF in order to establish and administer the CARF Scheme.

**Background Papers:**

*(Insert details of any background papers used in the compilation of the report.)*

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: Tim Hardie
	Legal: Nadine Wynter/Richard Marik
Equalities: <i>(Insert name of officer consulted)</i>	
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b> Ryan Keyworth
3	<b>Executive Member consulted:</b> Cate McDonald
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> John Squire
	<b>Job Title:</b> Manager, Revenues and Benefits Policy and Support Team
<b>Date:</b> 13/04/2022	

## 1. PROPOSAL

1.1 It is proposed that the Council's Non-Domestic Rates (Business Rates) Discretionary Relief Policy be amended to reflect the following:

- Extension of Transitional Relief (TR) scheme
- Extension of Supporting Small Business Relief (SSBR) scheme
- 2022/23 Expanded Retail Discount (EDR) Relief scheme
- Covid-19 Additional Relief Fund (CARF) Relief

### **Background**

1.2 Local Authorities, under the Local Government Finance Act 1988 (LGFA) have the power to grant Discretionary Rate Relief to organisations that meet certain criteria, set by them. The amount of relief granted has the effect of reducing the amount the organisation owes in Non-Domestic Rates (Business Rates).

1.3 To enable the Council to use these powers and in line with requirements set out in the LGFA, the Council has implemented the Non-Domestic Rates (Business Rates) Discretionary Relief Policy (the Policy). The purpose of the Policy is to inform how the Council will exercise these discretionary powers and sets out the factors it will consider, including eligibility criteria, when deciding if relief can be awarded. In addition, it details conditions of entitlement, application processes and other relevant matters.

1.4 The Policy is kept under review and can be amended to include new reliefs, amend reliefs currently in force and remove reliefs, particularly when they apply for specific periods that have since expired.

1.5 It is proposed that the Policy will need to be amended to reflect the following

- Extension of Transitional Relief (TR) Scheme
- Extension of Supporting Small Business Relief (SSBR) scheme
- 2022/23 Retail Hospitality and Leisure Relief Scheme
- Covid -19 Additional Relief Fund (CARF) Relief

1.6 The Policy including the proposed amendments is set out in the appendix to this report.

### **Extension of Transitional Relief (TR) Scheme**

1.7 The Transitional Relief scheme was introduced to help those ratepayers who were faced with higher bills as a result of a National Revaluation of Business Rates, limiting the amount of increase in rates they would face from one year to the next to gradually phase in the full rate charge due for

their premises. The current scheme commenced in April 2017 and ends on 31 March 2022. As this should be the end of the 5-year revaluation cycle, had a revaluation taken place as scheduled, a new TR scheme would have been introduced to reflect the outcome of the revaluation.

- 1.8 However, because the revaluation has been delayed by Government, a number of ratepayers would, without the extension of the existing TR scheme, face a jump to their full rates bill from 1 April 2022.
- 1.9 In the 2021 Autumn budget, the Chancellor announced that the Government would extend the current transitional relief scheme for a further year.
- 1.10 Normally TR is a statutory relief prescribed by Government. However, as extension of the current scheme would require a change to primary legislation, for the purpose of the extension, Government have prescribed that Local Authorities provide the Relief using their discretionary powers under s47 of the Local Government Finance Act 1988. However, this does not mean we have any discretion in who receives the relief or at what rate, it simply allows the Council to award the relief without a change in legislation.

#### **How the extended scheme works**

- 1.11 The new scheme will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).
- 1.12 This is a temporary measure for 2022/23 only and so the Government has elected not to amend existing transitional adjustment regulations. It will instead be for billing authorities to provide relief under their discretionary powers. It will, therefore, be necessary for the council to amend its Discretionary Relief policy to include this relief

#### **Who will benefit from the extension of the TR scheme?**

- 1.13 The extended scheme will benefit ratepayers with properties which have a rateable value of up to £100,000 and would have been recipients of a transitional relief but for the cessation of the scheme under the regulations.
- 1.14 The Business Rates team has identified those properties which benefitted from a transitional relief in 2021-22 and have also identified those properties which will qualify for relief in 2022-23 under this new scheme.
- 1.15 One hundred and nineteen businesses in the City will benefit from the award of relief under the extended TR scheme. The total value of relief to be awarded at the point relief is awarded is £191,000.

### **What is the process for the award of TR?**

- 1.16 No application for TR is required. However, as the award of TR is subject to Subsidy Control Limits (formerly State Aid) the Business Rate Team will write to those businesses identified as eligible for relief and ask them to declare that receipt of relief will not breach the upper limits of the Small Amounts of Financial Assistance Allowance (upper limit £343,000). Once a declaration to that effect is received then relief will be awarded.

### **What are the financial implications to the Council of implementing this relief?**

- 1.17 Government will reimburse the Council 100% of the relief awarded.

### **Extension of Supporting Small Business Relief (SSBR) Scheme**

- 1.18 Following the last national revaluation of business rates, the Government introduced SSBR to aid those businesses that as a result of the revaluation lost entitlement to Small Business Rates Relief or Rural Rate Relief.

### **How does SSBR work**

- 1.19 The effect of the relief was to limit any increase in rates payable by eligible businesses to £600 per year for the period 1 April 2017 to 21 March 2022, the revaluation period. As in the case of TR in the absence of a national revaluation, and therefore a reset of SSBR, some businesses may experience a sharp rise in rates payable from 1 April 2022. Therefore, Government has extended the SSBR scheme into 2022/23, for one year to mitigate this.
- 1.20 The relief will be applied after any other relief has been deducted from the annual charge. The scheme will limit the increase of the ratepayers' net liability to either 15% of the charge or a cash value of £600, whichever is the greater.

### **Who will benefit from the award of extended SSBR?**

- 1.21 The Business Rates team has identified 10 businesses in the City who will benefit from the award of this relief. The value is yet to be calculated.

### **What is the process for the award of Relief?**

- 1.22 The award of extended SSBR will mirror the process for extended TR outlined above.

**What are the financial implications to the Council of implementing this relief?**

- 1.23 Government will reimburse the Council 100% of the relief awarded.

**2022/23 Retail Hospitality and Leisure Scheme**

- 1.24 The Government, in the 2018 Autumn Budget, introduced a Retail Discount Scheme for occupied retail properties with a Rateable Value (RV) of less than £51,000 in each of the years 2019-20 and 2020-21. Under the scheme eligible businesses were entitled to reduction of 1/3 of their Business Rates Bill. The Council agreed to implement this relief in accordance with Government Guidance, acknowledging the positive impact this would have on qualifying businesses and therefore the wider local economy and employment situation.
- 1.25 In December 2019 the Government announced that relief under the scheme would be increased to 50%. In March 2020, as a result of the Covid-19 Pandemic, the Government expanded the range of businesses eligible for relief to include Hospitality and Leisure businesses, abolished the previous £51,000 RV cap and increased the rate of Relief to 100%. The scheme became known as the Expanded Retail Discount (ERD) Scheme.
- 1.26 For the financial year 2021/22, the government extended this scheme but changed the level of reliefs. Eligible businesses received relief at 100% for the period 1 April 2021 to 30 June 2021 and at 66% for the period 1 July 2017 to 31<sup>st</sup> March 2022. The level of relief under the 66% parts of the scheme was subject to two caps:
- A cash cap of £2000,000 applied where a business property was required to close under the law and guidance applicable on 5<sup>th</sup> January 2021; and
  - a cash cap of £105,000 applied where a business' property was allowed to remain open.
- 1.27 For the financial year 2022/23 there will be a Retail, Hospitality and Leisure Scheme based on the ERD scheme outlined above but with changes to the level of award and to cash limits. This scheme will in Sheffield be referred to as the 2022/23 Expanded Retail Discount (EDR) Scheme.

**How will the 2022/23 Expanded Retail Discount Relief (EDR) scheme work?**

- 1.28 The scheme will provide eligible occupied retail, hospitality and leisure properties with a 50% relief on their 2022/23 rates bill up to a cash cap limit of £110,000 per business.

## **Who will benefit from the award of relief?**

1.29 Properties that will benefit from the relief will be occupied properties that are wholly or mainly being used:

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

1.30 To qualify for the relief the property should be wholly or mainly be 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, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

1.31 The list below sets out the types of uses that the Council does not consider to be an eligible use for the purposes of this relief.

- Properties 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)
  - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
  - Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
  - Post office sorting offices
- Properties that are not reasonably accessible to visiting members of the public.

1.32 There are currently around 1,800 properties receiving relief under the ERD scheme with a value of relief awarded being in excess of £40m. It is not yet known what impact the changes to the cash cap will have on the number of businesses who will benefit from relief in 2022/23 but it is anticipated that the value of relief awarded will reduce due to the reduction in the level of relief available and the potential for some currently eligible businesses to become ineligible due to the cash cap.

### **What is the process for the award of this relief?**

- 1.33 Businesses will have to make an application for this relief. The application will require the business to declare it is a business that is eligible for the relief, that receipt of the relief will not breach the £110,000 per business cash cap limit and that receipt of the relief will not breach that receipt of relief will not breach the upper limits of the Small Amounts of Financial Assistance Allowance (upper limit £343,000).

### **What are the financial implications to the Council of implementing this relief?**

- 1.34 Government will reimburse the Council 100% of the relief awarded.

### **Covid-19 Additional Resources Fund (CARF) Relief**

- 1.35 In March 2021 the Government announced plans to provide further support to businesses that were outside the scope of the retail hospitality and leisure sectors which had continued to receive ongoing Covid -19 business support. The national amount of support was set at £1.5bn.
- 1.36 In December 2021 the Government announced the CARF scheme, unusually allocating up front levels of relief that each Billing Authority could award. SCC was allocated £12,755.999.

### **How will CARF work?**

- 1.37 This relief is to be provided as a discretionary business rates relief scheme. As we will apply this relief under Section 47 we will need to amend our Non-Domestic Rates Discretionary Relief Policy and the amended policy will need sign off by ICM.
- 1.38 Each Billing Authority is responsible for designing their discretionary scheme, it is expected that local authorities will follow the principles set out in the guidance in order to be eligible to receive Government funding.
- 1.39 Guidance issued by Government sets out that Local Authorities must:
- a) Not award relief to ratepayers who are either entitled to or would have been eligible for the Extended Retail Discount scheme, the Nursery discount or Airport and Ground Operations Support Scheme
  - b) Not award relief to any hereditament for a period when it is unoccupied, (other than hereditaments which closed temporarily due to the government's advice on COVID19, which should be treated as occupied for the purposes of this relief) and



- c) Direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to the impact.

1.40 In addition, Local Authorities are not allowed to award this relief to themselves or their preceptors (SY Police, SY Fire & Rescue, Parish Councils). The relief is awarded against liabilities arising in 2021/22 and can be awarded in respect of that year up to 30 September 2022.

1.41 The relief will reduce a ratepayer's liability for the year 2021/22. It is likely that in many cases this will put the ratepayers account into credit. If that is the case the credit will be used to offset any liability for 2022/23 (or any outstanding liability from previous years). However, the ratepayer can request any credit to be refunded to them.

#### **Who will benefit from this relief?**

1.42 The Council has identified around 3000 hereditaments that potentially could benefit from this relief.

1.43 The Council has wide discretion as to which types of business benefit from the relief and it is expected that the types of businesses that benefit from this relief will differ across LAs. The Council will develop a web- based application form for businesses to use to apply for this relief.

1.44 Applications will not normally be considered for the following hereditaments:

- Premises and land used for personal use or storage.
- Car parking spaces that are not run as a commercial business.
- Utilities and communications infrastructure
- Central and local government and NHS infrastructure

1.45 Further, on the basis that Covid-19 would not have adversely affected, financially, the business, applications will not normally be considered from the following:

- Universities
- Primary and Secondary Schools
- GP Surgeries and Health Centres
- Financial Services (Banks Building Societies Financial Advisers)

1.46 Notwithstanding the above, it is likely that the following businesses will be eligible for this relief:

- Warehouses
- Workshops
- Factory and Premises
- Office and Premises
- Businesses involved in the supply chain to Retail/Hospitality
- Accommodation and Leisure sectors

1.47 Where a business was entitled to, but did not receive, Extended Retail Discount or Nursery Relief in 2021/22 it will not be eligible for relief under this scheme.

1.48 To be considered for relief a business must have been in the rating list and in rateable occupation on 20 March 2020. However, eligible businesses whose business rates liability ceased between this date and 31 March 2022 will be able to apply for this relief.

1.49 Although around 3,000 potential businesses have been identified, these are based on very broad descriptions of the business provided by the Valuation Office Agency (VOA), and it may well be that upon further consideration many of these businesses may not be eligible.

1.50 At this stage due to the level of detail we hold on some businesses and for the reasons set out below, it is difficult to determine what the demand for this relief will be. Reasons may include:

- Business Rates are complex, and some smaller businesses may struggle with this process. The Council will work with colleagues in Business Sheffield and with organisations such as the Chamber of Commerce to raise awareness of the scheme within the business community and to provide advice and support.
- The amount of relief awarded, although a financial award, is not paid as a cash grant and is paid towards the 2021/22 rates account. If there are arrears this will just reduce the amount outstanding to the Council. This may mean that some businesses that could be eligible may not apply as it is not a cash payment.
- Businesses may also be deterred by the activity required in terms of claiming and evidencing their application for this relief. Businesses may also choose not to provide evidence of negative financial impact and complete further forms for a retrospective rates bill.

1.51 Alternatively, there could be very high demand from businesses in the city that, to date, have not received any rates relief and this could prove a significant source of support to them.

### **What is the process for awarding relief?**

- 1.52 Ratepayers will need to apply for this relief. The Council will aim to make the application process as simple as possible. However, the process will need to capture information required by Government and will also require the business to demonstrate that it has been adversely impacted by the Covid-19 pandemic and that the receipt of any relief will not breach Subsidy Control rules.
- 1.53 Where insufficient detail is provided with the application (particularly in relation to demonstrating the adverse financial impact on the business that Covid-19 has had) the Council will request further information from the applicant.
- 1.54 There be an application “window” after which decisions on the level of relief to be awarded to successful applicants will be taken, with regard being given to the level of funding the Council will receive from Government.
- 1.55 The relief will be awarded in the form of flat rate of relief for all eligible ratepayers, i.e. the same % to be applied to all successful applicants.
- 1.56 In accepting the relief, a business will have to confirm that receipt of the relief does not breach the Subsidy Control Limits under which the relief can be awarded.

### **What are the financial implications to the Council of awarding this relief?**

- 1.57 Provided that the Council awards relief in line with Government guidance the Government will compensate the Council via Section 31 grant. The Government will also carry out a New Burdens Assessment to determine if New Burdens funding will be made available to Local Authorities.
- 1.58 However, it needs to be noted that administering this relief will place significant demand on resources that are already working to capacity and additional resource will be required. This could be the same staff doing overtime, staff from other areas or the use of agency staff.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 By implementing the business rates schemes outlined above, the Council will be assisting a significant number of businesses in the City to reduce their business rates liability for the years covered by the schemes.
- 2.2 Covid-19 brought unprecedented challenges to the City and the Country. As we continue to transition to pre-pandemic ways of working and living,

awarding these reliefs will enable the Council to support those businesses significantly impacted by the Government's response to the Covid-19 pandemic.

- 2.3 By doing so the Council will be assisting in protecting the future viability of these businesses, protecting jobs and also protecting communities across the City whose future growth and vibrancy are co dependant on the existence of thriving businesses in the City.
- 2.4 By supporting businesses in the Hospitality and Leisure sector the Council will be helping to protect citizens who rely on these businesses to improve their mental and physical wellbeing.
- 2.5 This financial assistance will also help eligible businesses to meet the non-Covid-19 challenges presented to them by changes in consumer behaviour and will support the Council's aims of promoting both a thriving city centre and successful centres across the City.

### **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There is no statutory requirement to consult on the adoption of these reliefs. Also, given the nature of these Government promoted reliefs and their positive impact on businesses within Sheffield, it was considered that there was no need to consult.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality of Opportunity Implications**

- 4.1.1 As a Public Authority, the Council have legal requirements under Section 149 of the Equality Act 2010. These are often collectively referred to as the "general duties to promote equality" with particular regard to persons sharing the relevant protected characteristics, age, disability, gender reassignment, pregnancy, maternity, race, religion sex and sexual orientation. It is considered that the Policy, and the proposed amendments to it, comply with this duty as the impact on businesses is equality neutral, being the same whether or not any person involved with the business has a protected characteristic. In these circumstances it is therefore considered that an Equality Impact Assessment is unnecessary.

#### **4.2 Financial and Commercial Implications**

- 4.2.1 All awards of the reliefs set out in this report, when made in line with Government guidance are fully funded by Central Government. Reimbursement will be via s31 Local Government Act 2003 grant funding.
- 4.2.2 Further Government are aware of the impact adopting these reliefs will have on Local Authorities and have made New Burdens funding available

to the Council which is expected to cover any additional costs faced by the Council.

- 4.2.3 Should the Council choose not to implement these reliefs there is a hugely significant risk to the Council's finances as the Council will be seeking to recover liabilities which many thousands of businesses in the current climate simply cannot meet. It therefore risks losing a significant amount of income which will have severe detrimental implications for the immediate and long-term finances of the Council and the services it provides.

#### 4.3 Legal Implications

- 4.3.1 Section 47 of the Local Government Finance Act 1988 provides that Local Authorities have the discretion to reduce business rate payers' liability in accordance with rules set by them. The Council is therefore empowered to implement the proposed reliefs and make amendments to the Policy as set out in this report. Further, the eligibility criteria set out in the Policy comply with the statutory requirement to set out rules for the exercise of the discretion.

- 4.3.2 The extension of **transitional relief** and **Supporting Small Business (SSB) relief scheme** is likely to amount to subsidy. Any relief provided by the Council under this scheme will need to comply with the UK's domestic and international subsidy control obligations.

- 4.3.3 To the extent that the Council is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9 December 2021) in a three-year period (consisting of the 2022/23 financial year and the two previous financial years). The **Expanded Retail Discount** granted in either 2020/21 or 2021/22 does not count towards the £343,000 allowance but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit, should be counted.

- 4.3.4 In those cases where it is clear to the Council that the ratepayer is likely to breach the Small Amounts of Financial Assistance Allowance then the Council should automatically withhold the relief.

- 4.3.5 Where the Small Amounts of Financial Assistance Allowance has been reached, additional relief may be awarded in compliance with the principles set out in Article 366 of the TCA and in compliance with Article 364.3 of the TCA. For the purposes of **CARF scheme**, the COVID-19 Additional Relief Fund Allowance, permits an economic actor to receive additional relief of up to a further £1,900,000 for COVID-19 related losses.

- 4.3.6 This may be combined with the Small Amounts of Financial Assistance Allowance to permit an economic actor to receive up to £2,243,000 from the CARF Scheme (or less if they have already used some of their Small Amounts of Financial Assistance limit or claimed other COVID-19 related

subsidies). Again, Extended Retail Discount granted in either 2020/21 or 2021/22 does not count towards these allowances, but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit (such as the Retail Relief in 2019/20), or under the EU State aid de minimis limit, in the last three years, should be counted.

#### **4.4 Other Implications**

4.4.1 No other implications have been identified.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 It is an option for the Council not to exercise its discretion under section 47 LGFA, and not provide these reliefs for the periods set by Government. However, as the aim of the reliefs is to provide extra financial support (in addition to any statutory support and other reliefs available to businesses) to certain categories of businesses within the City that have been identified by Government as being those most impacted by restrictions on trade due to the Covid-19 pandemic, to not provide the support offered by these reliefs would severely impact both the ability of these businesses to deal with the impact the pandemic has had on them and their ongoing efforts and initiatives recover from those impacts.

5.2 Further, given that the Council has a commitment to develop a strong local economy, including a thriving City Centre and Successful Centres across the City, and to support sustainable local employment, it is not considered to be in the best interests of the Council, businesses or rate payers to not adopt the relief schemes as outlined in this report and it is therefore proposed that the Council implement these reliefs in relation to both 2021/22 in respect of CARF Relief and 2022/23 as detailed in this report and the appended Policy

#### **5.3 Widening the scope of the policy**

5.3.1 Under the Council's discretionary powers under Section 47 of the LGFA it could also choose to widen the scope of the Policy in order to;

- to include businesses that under the relevant Government guidance are not intended to be eligible for relief;
- to increase the level of relief above the levels set out in the Government guidance, and:
- in relation to 2022/23 ERD increase the cash cap limits set by Government.

5.3.2 However, if it were to do so, any awards of relief to those additional businesses or awards made at higher amounts, would not be funded by the Government and would have to be funded in full by the Council. By way of example, increasing the level of ERD and Nursery Discount Relief

to 100% could cost the Council around £30m.

- 5.3.3 Therefore, given the ongoing cuts to Government funding the Council has faced since 2012 and the increasing uncertainty that the Covid -19 pandemic will have on the Council's short and longer term financial situation, it is not proposed that the Council uses its powers to expand the scope of these relief schemes.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 At a time of unprecedented challenge and ongoing uncertainty, it is incumbent on the Council to protect its citizens, businesses, its own finances and the services it provides wherever possible. In adopting these fully funded Government reliefs, and in the process potentially awarding up to £14m of relief, (which equates to the potential sum of business rates the Council would otherwise have to recover if relief was not awarded) the Council is going a significant way to meeting its obligations.

## **APPENDIX - SHEFFIELD CITY COUNCIL NON-DOMESTIC RATES (BUSINESSRATES) DISCRETIONARY RELIEF POLICY**

### **Background**

1. Local Authorities, under the Local Government Finance Act 1988 (LGFA) have the power to grant Discretionary Rate Relief to organisations that meet certain criteria. The amount of relief granted has the effect of reducing the amount the organisation owes in Non-Domestic Rates (Business Rates).

### **Purpose**

2. The purpose of this Policy is to inform how the Council will exercise these discretionary powers and sets out the factors it will consider, including eligibility criteria, when deciding if relief can be awarded.

### **Conditions**

3. An organisation may apply for more than one type of Business Rates Relief but discretionary relief will only be awarded after taking account all other reliefs it may qualify for. Consequently, discretionary relief will be applied against the applicant's net liability after all other reliefs have been applied.
4. Discretionary relief will not be awarded where it will result in an applicant receiving more state aid as is allowed under Subsidy Control Limits. (See section on 'Subsidy Control below).
5. The Council will not make an award of any of the reliefs under this policy unless it is satisfied that it is reasonable to do so, having regard to the interests of the city's council taxpayers.

### **Types of Relief**

6. The types of business rates reliefs covered in this policy are:
  - Top-Up Relief
  - Not For Profit Relief
  - Hardship Relief
  - Enterprise Zone Business Rate Relief
  - Additional Transitional Relief
  - Transitional Relief
  - Investing In Sheffield Relief
  - Support For Small Business Rate Relief (including 2022/23 extension)
  - Newspaper Relief
  - Nursery Discount Relief
  - 2022/23 Expanded Retail Discount (EDR) Relief scheme
  - Covid-19 Additional Relief Fund (CARF) Relief



## **Top Up Relief**

7. Under Section 43 LGFA, charities and registered amateur sports clubs are entitled to an 80% reduction in their Business Rates liability. In this policy this is referred to as Mandatory Relief. Where an applicant is in receipt of Mandatory Relief, the Council may award Discretionary Top-Up to Mandatory Relief (Top-up Relief).

## **Level of Relief**

8. If successful, the applicant's liability will be reduced and may be reduced to nil. When deciding the level of award, the Council will have particular regard to the degree of benefit the applicant brings to the citizens of Sheffield.
9. The start date of the relief will be from the date of the application. However, the Council may backdate the relief to an earlier date where it is satisfied the applicant had good cause for not applying earlier.

## **Criteria**

10. The Council may only grant Top-Up Relief where it is satisfied that:
  - The applicant is in receipt of Mandatory Relief;
  - The applicant provides significant benefit to the residents of Sheffield and would suffer extreme financial hardship in meeting the remaining liability;
  - The applicant's service is unique and urgently required by a group of vulnerable people who would cease to receive the service if the discretionary relief was not granted.

## **Process**

11. An application form must be submitted to the Business Rates service along with any supporting information required.
12. Awards will be reviewed annually. Where the Council decides that the award should be varied or revoked, the applicant will be notified in writing of its decision.

## **Not for Profit Relief**

13. Discretionary Relief for 'Not for Profit' organisations (Not for Profit Relief) may be awarded where the Council is satisfied that the applicant is an organisation falling within the description set out in Section 47 (5B) of the LGFA.

### **Level of Relief**

14. If successful, the applicant's liability will be reduced and may be reduced to nil. When deciding the level of award the Council will have particular regard to the degree of benefit the applicant brings to the citizens of Sheffield.
15. The start date of the relief will be from the date of the application. However, the Council may backdate the relief to an earlier date where it is satisfied the applicant had good cause for not applying earlier.

### **Criteria**

16. The Council may only grant Not for Profit Relief where it is satisfied that the applicant is an organisation established or conducted not for profit and whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts or where the property is wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.
17. Further, the Council when deciding in individual cases whether to make an award, will have regard to the issues listed below. This list is not exhaustive and each case will be decided on its merits.
18. Accessibility
  - Whether the applicant's organisation is open to all sections of the community.
  - Whether membership is free.
19. Employment
  - If the applicant employs staff, whether they are Sheffield residents and how many.
  - Whether the applicant offers work placements or apprenticeships to the young people of Sheffield.
20. Financial Considerations
  - Financial standing of the applicant and their annual turnover
  - Whether funds are available to continue operations.
21. Other Considerations
  - Whether the applicant is affiliated to any local bodies.

- Whether their membership is drawn from people mainly resident in Sheffield.
  - Whether the applicant's services will enhance community spirit, for example, by organising or participating in community events.
  - Whether the applicant organises community events.
  - Whether the applicant provides facilities or services that support or enhance those already provided by the Council.
  - Whether the applicant makes use of renewable energy and promotes sustainability.
22. Meeting of any of the above considerations alone does not automatically mean the applicant will be awarded Not for Profit Relief. The award and level of relief will be considered based on all available information and the level of benefit the applicant will bring to the residents, businesses and visitors of Sheffield.

### **Process**

23. An application form must be submitted to the Business Rates service along with any supporting information required.
24. Awards will be reviewed annually. Where the Council decides to vary or revoke the award the applicant will be notified of its decision in writing.

### **Hardship Relief**

25. Local Authorities, under s49 LGFA, have a general discretion to reduce an applicant's liability where they are satisfied the applicant would sustain hardship if it did not do so and it is reasonable for the authority to do so having regard to the interests of the city's council taxpayers.

### **Level of Relief**

26. If successful, the applicant's liability will be reduced and may be reduced to nil.
27. The start date of the relief will be from the date of the application. However, the Council may backdate the relief to an earlier date where it is satisfied the applicant had good cause for not applying earlier

### **Criteria**

28. The Council, when deciding in individual cases whether to make an award, will have regard to the issues listed below. This list is not exhaustive, and each case will be decided on its merits.
- Is the Council satisfied that there are exceptional circumstances beyond the applicant's control and outside the normal risks associated with running a business?

- Would the applicant sustain significant hardship if relief was not granted?
- Will there be a severe and significant negative impact on the local community if the applicant goes out of business (e.g. loss of the only village shop or loss of jobs in an area)?
- Is the Council satisfied that the applicant has not acted imprudently in incurring the hardship?
- Has the applicant demonstrated that it has taken prompt action to mitigate any factors giving rise to hardship? This includes seeking advice, making arrangements to pay with creditors and reviewing its pricing policy.
- Does the applicant provide a unique amenity regularly required by communities?
- Is the Council satisfied that hardship is short-term and has the applicant demonstrated there is a realistic prospect of long-term sustainability if Hardship Relief is awarded?

### **Process**

29. An application form must be submitted to the Business Rates service along with any supporting information required.

### **Enterprise Zone Business Rate Relief**

30. The Council may award Enterprise Zone Business Rate Relief where an applicant's business is located in the Sheffield City Region Enterprise Zone (Business Rates Relief site), meets the Sheffield City Region Local Enterprise Partnership (LEP) vision and was registered to pay national non-domestic rates before 31 March 2015.

### **Level of Relief**

31. Applicants that occupy property in the Business Rates Relief site are eligible for a relief of up to 100% of the Business Rate liability.
32. The start date of the relief will be from the date of the application. However, the Council may backdate the relief to an earlier date where it is satisfied the applicant had good cause for not applying earlier.

### **Criteria**

33. The applicant's business must be located within the defined boundary of the Business Rates Relief Site.
34. Applicants must demonstrate how their business supports the objectives of the Business Rate Relief Site and the LEP's vision. These details can be found at the website given below.
35. Their business must be registered to pay national non-domestic rates before 31 March 2015.

## **Process**

36. An application form must be submitted to the Business Rates service along with any supporting information required.
37. Any decision relating to an application will be made in accordance with the Sheffield City Region Enterprise Zone Policy for Granting Business Rate Discount. Further details can be found at [www.sheffield.gov.uk/business-economy/business-rates/relief-entitlement/enterprise-zone](http://www.sheffield.gov.uk/business-economy/business-rates/relief-entitlement/enterprise-zone).

## **Investing in Sheffield Relief**

38. This relief is intended to encourage and incentivise businesses to relocate, develop or invest in new operations in Sheffield which would make a significant and positive contribution to the local economy and/or the community.

## **Level of Relief**

39. If successful, the applicant's Business Rate liability will be reduced and may be reduced to nil.
40. The start date of the relief will be from the date of the application. However, the Council may backdate the relief to an earlier date where it is satisfied the applicant had good cause for not applying earlier.

## **Criteria**

41. The Council may only award relief where it is satisfied that the applicant is seeking to relocate, develop or invest in new operations in Sheffield which would make a significant and positive contribution to the local economy and/or the community.
42. Applicants will be required to engage with officers of the Council's economic development service, Creative Sheffield, to ensure there is a robust business case to support their application.
43. Further the Council, when deciding in individual cases whether to make an award and the level of any award, will have regard to the considerations listed below. This list is not exhaustive, and each case will be decided on its merits.
44. *Accessibility*
  - Whether the applicant's business is open to all sections of the community.
45. *Employment*
  - Whether the applicant's employees are Sheffield residents and how many.

- Whether the applicant offers work placements or apprenticeships to the young people of Sheffield.
- Whether the business will significantly improve employment opportunities for Sheffield residents.

46. Financial Considerations

- The likelihood of the applicant's business being sustainable where relief is withdrawn.
- The likelihood of the business contributing to business rates growth in the city, for example through building new premises or developing existing ones.
- The degree to which an award of relief may lead to a reduction in the current level of Business Rates income.
- The financial standing of the applicant and their business.

47. Other Considerations

- Whether the applicant's business is innovative or unique.
- The prospect of their business attracting other businesses to the city or encouraging and supporting existing businesses to develop.
- The prospect of their business attracting new visitors or customers to the city.
- The prospect of their business promoting and raising the profile of the city.
- Whether the applicant is affiliated to any local bodies.
- Whether the applicant's business will enhance community engagement, for example, by organising or participating in community events.
- Whether they make use of renewable energy and promote sustainability.
- The period to which the applicant is committed to keeping their business in Sheffield.
- Whether they provide facilities or services that may relieve the Council of the need to do so.

48. Meeting of any of the above considerations alone does not automatically mean the applicant will be awarded relief. The award and level of relief will be considered based on all available information and the level of benefit the applicant will bring to the local economy and/or the community.

49. As a condition of entitlement, where an applicant moves their business out of Sheffield within 2 years of receiving the relief, the relief in respect of the relevant period may be terminated, increasing their Business Rate liability. Businesses, when signing up for the relief, will be required to agree to this.

## **Process**

50. An application form must be submitted to the Business Rates service along with any supporting information required.
51. Applications will be considered from individual businesses or groups of businesses who have a common business plan.

## **Support for Small Business Rate Relief**

52. The Council may award Support for Small Business Rate Relief (SBB) to any business who as a result of the National Revaluation of Business Rates, (which took effect from 1 April 2017 and runs until 31 March 2022), have lost some or all of their Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR)
53. SSBRR will be available in respect of the financial years 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22.
54. However, because the revaluation due in 2022 was delayed by Government, a number of ratepayers would, without the extension of the existing SSBRR scheme, face a jump to their full rates bill from 1 April 2022.
55. As a result, in the 2021 autumn budget, the Chancellor announced that the Government would extend the current transitional relief scheme for a further year taking effect from 1 April 2022 up until 31 March 2023.

## **Level of Relief**

56. Extended SSBRR will be applied after any Statutory Transitional Relief or SBRR. Therefore, SSBRR will further limit the impact of any increase in 2022/23 rates liabilities for those businesses, regardless of their 2017/18 RV, who have lost some or all of their SBRR or RRR as a result of the 2017 national revaluation. SSBRR will have the effect of restricting the increase in business rate and this may be done by one of two methods. The method applied in an individual application will be the one that will result in the largest increase. The two methods are as follows:
  - For 2022/23 any increase in rates payable will be limited to 5% of the increase (plus inflation) or
  - For 2022/23 the increase in rates will be limited to a cash value of £600 per year (£50 per month).
57. Extended SSBRR will be in place for the financial year 2022/23.
58. Further detail on the level of relief is provided in the Appendix attached to this policy.

## **Criteria**

59. The criteria for awarding SSBRR is set out in the Appendix attached to this Policy.

## **Conditions**

60. In addition to the conditions set out in paragraphs 3 to 5, of this Policy, the condition set out at 162 below applies to SSBRR
61. An award of SSBRR is conditional on the applicant continuing to meet the eligibility criteria. Where the applicant experiences a change of circumstances, which may affect whether they continue to meet the eligibility criteria and/or the level of the relief they receive, their entitlement will be reassessed, and the amount of relief maybe be recalculated. The amount of relief they receive maybe recalculated to nil. The change in circumstances, for the purpose of the assessment, shall be treated as having effect on the date on which the change actually occurs.

### **Process**

62. An application form must be submitted to the Business Rates service along with any supporting information required. However with respect to the extension of this relief in 2022/23, relief will be awarded once the business confirms that receipt of the relief will not breach the upper limits of the Small Amounts of Financial Assistance Allowance (upper limit £343,000).
63. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
64. Where the net rate liability after all other reliefs but before SSBRR is applied, is less than the maximum level of SSBRR, the maximum amount of relief awarded will be no more than the value of the net rate liability.
65. This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
66. A new property created as a result of a split or merger during the financial year, or where there has been a change of use, will be considered afresh for the relief on that day.
67. Where a property is eligible for Enterprise Zone relief, that relief will be granted. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, Support for Small Business Rate Relief may be granted in the normal way.

### **Newspaper Relief**

68. This relief is intended to provide relief for traditional local newspapers



69. The relief will be available in respect of financial years 2020/21,2021/22, 2022/23, 2023/24 and 2024/25.

### **Level of Relief**

70. The Relief will provide up to £1,500 relief for each financial year referred to in paragraph 68 above.

71. Business with more than one office in Sheffield can only claim a discount on one of the offices.

72. Premises shared by more than one local newspaper titles would only be eligible for a single discount. By way of example:

- A local newspaper with two offices would be able to claim a discount for only one of them, and ;
- An office shared by three separate local newspaper titles would only be eligible for a single discount

### **Criteria**

73. To award the relief, the Council must be satisfied that the premises use is as a traditional local newspaper. Therefore relief shall not be awarded where;

- The premises are not wholly or mainly used as office space by journalists and reporters.
- The premises are only used to produce on-line publications.
- The premises are only used to produce magazines
- The premises are only used to produce papers that are not local

### **Process**

74. An application form must be submitted to the Business Rates service along with any supporting information required.

75. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

76. Where the net rate liability after all other reliefs but before Pub Relief is applied, is less than the maximum level of Pub Relief, the maximum amount of relief awarded will be no more than the value of the net rate liability.

77. This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

78. A new property created as a result of a split or merger during the financial year, or where there has been a change of use, will be considered afresh for the relief on that day.

79. Where a property is eligible for Enterprise Zone relief, that relief will be granted. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, Newspaper Relief may be granted in the normal way.

### **Additional Transitional Relief**

80. The purpose of this relief is to provide transitional relief to businesses experiencing significant increases in their Business Rate liability in respect of a property they occupy (the Property) arising from the National Revaluation of Business Rates, which took effect from 1 April 2017. The Council may award Additional Transitional Relief (ATR) to businesses with a Rateable Value between £20,000 and £180,000 and who as a result of the National Revaluation have had in respect of the Property an increase of 5% or more in their Business Rates.
81. For the purpose of the scheme the term *business* means “*a business enterprise that provides a direct benefit to the local economy*”. Therefore properties occupied by organisations not falling within this definition will not be entitled for ATR. Below, which is not intended to be an exhaustive list, are examples of the types of properties where there is no entitlement to ATR:
- University premises
  - Hospital premises
  - Educational establishments
  - Ambulance, Police and Fire stations
82. The relief will be available in respect of financial years 2017/18, 2018/19, 2019/20 and 2020/21.

### **Level of Relief**

83. ATR will only be awarded after taking account of all other reliefs a business may qualify for including Statutory Transitional Relief.
84. Relief will be awarded in order to reduce the increase in rates payable in respect of the Property. In respect of each financial year, the level of relief awarded will be up to 80% of the increased liability above an increase of 5%. However, no awards will be made which mean the net amount payable in each financial year is less than that payable in 2016/17.

### **Criteria**

85. To award the relief, the Council must be satisfied that:

- The Property has a rateable value between £20,000 and £180,000
- As a result of the National Revaluation of Business Rates, the applicant has in respect of the Property, had an increase of 5% or more in their Business Rates payable from 1st April 2017.
- The applicant is not in receipt of Empty Property Relief in respect of the Property.
- The applicant occupied the Property on 31/03/2017 and 01/04/2017.
- The applicant is in occupation of the Property and that occupation has been for more than 8 weeks.

## **Conditions**

86. Applications for relief can be made 3 months prior to or during the financial year for which relief is sought. However, the Council may accept applications up to 6 months after the financial year end where it is satisfied the applicant had good cause for not applying earlier.
87. The Council may also, at its discretion and where it is satisfied that a business meets the criteria for ATR, award relief in the absence of an application. In these circumstances, the business will be required to notify the Council if it is aware that it does not meet the criteria or where an award of ATR will result in the business receiving State Aid above the relevant permitted limit under the De Minimus regulations.

## **Process**

88. Application forms should be submitted to the Business Rates service along with any supporting information required.
89. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
90. This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
91. A new property created as a result of a split or merger during the financial year, or where there has been a change of use, will be considered afresh for the relief on that day.
92. Where a property is eligible for Enterprise Zone relief, that relief will be granted. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, ATR may be granted in the normal way.

## **Extended Transitional Relief 2022/23**

93. Normally Transitional Relief is a statutory relief prescribed by Government. As a result, the National Revaluation of Non–Domestic Rates due to take effect from April 2022, is delayed, the Government has decided to extend this relief into 2022/23.
94. However, as any extension of the current scheme would require a change to primary legislation, for the purpose of the extension, Government have prescribed that Local Authorities provide the Relief using their discretionary powers under Section 47 of the Local Government Finance Act 1988, hence the inclusion of this relief in this policy for 2022/2023

### **Level of Relief**

95. Application of Extended Transitional Relief will restrict increases in bills in 2022/23 only, to 15% for businesses with small properties (up to and including a Rateable Value of £20,000) and 25% for medium properties (up to and including £100,000 rateable value), Extended TR relief will only be awarded in respect of the year 2022/23.

### **Criteria**

96. To award the relief, the Council must be satisfied that:
- The Property has a rateable value up to £100,000.
  - As a result of the National Revaluation of Business Rates, the applicant has in respect of the Property, had an increase of 5% or more in their Business Rates payable from 1 April 2017.
  - The Property is entered in the local rating list for 31/03/2017 and 01/04/2017.

### **Conditions**

97. Businesses must confirm that receipt of Extended Transitional Relief does not breach the upper limits of the Small Amounts of Financial Assistance Allowance (upper limit £343,000).
98. An award of Extended Transitional Relief is conditional on the applicant continuing to meet the eligibility criteria. Where the applicant experiences a change of circumstances, which may affect whether they continue to meet the eligibility criteria and/or the level of the relief they receive, their entitlement will be reassessed, and the amount of relief maybe be recalculated. The amount of relief they receive maybe recalculated to nil. The change in circumstances, for the purpose of the assessment, shall be treated as having effect on the date on which the change actually occurs or, in the case of a change in circumstances brought about by action of the Valuation Office Agency, the effective date given to that change by the agency.

### **Process**

99. An application form for Extended Transitional Relief is required.
100. This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
101. A new property created as a result of a split or merger during the financial year, or where there has been a change of use, will be considered afresh for the relief on that day.
102. Where a property is eligible for Enterprise Zone relief, that relief will be granted. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, Extended Transitional Relief may be granted in the normal way

### **Expanded Retail Discount**

103. Properties that will benefit from the relief will be occupied properties that are wholly or mainly being used:
  - As shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
  - For assembly and leisure; or
  - As hotels, guest and boarding premises and self-catering accommodation.
104. The Relief will be awarded in the financial years 2020/21 and 2021/22

### **Level of Relief**

105. The total amount of relief available for each property for the period 01/04/22 to 30/04/2023 under this policy will be 50% of the bill after all other mandatory and other Government funded discretionary grants have been applied.
106. However, in respect of this period the amount of relief per business is capped. The level of relief awarded to any business, not individual hereditaments, owned by a business will be capped at £110,000
107. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
108. Relief will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
109. A new property created as a result of a split or merger during the financial year, or where there has been a change of use, will be considered afresh for the relief on that day.

### **Cash Cap**

110. For the period 01/04/22 to 31/03/23 relief will be capped at £110,000 per business. Under the cash cap, a business may only receive relief up to the this cash cap.
111. Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purpose 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

## **Criteria**

112. To award relief, the Council must be satisfied that the property is wholly or mainly used for the purposes set out at paragraph xx (98) above.
113. For the purposes of this relief shops, restaurants, cafes, drinking establishments, cinemas and live music venues shall mean
- A. *Properties that are being used for the sale of goods to visiting members of the public*
    - Shops (including, but not limited to; florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, clothing and shoe shops, 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)
  - B. *Properties that are being used for the provision of the following services principally to visiting members of the public:*

- Hair and beauty services (such as: hair dressers, 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
- Employment agencies
- Estate agents and letting agents
- Betting shops

C. Properties 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

D. Properties which are being used as cinemas

E. Properties 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).
- Properties can be a live music venue 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 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. Where this is unclear regard will be had to the guidance at Chapter 16 of the statutory guidance issued in April 2018 under Section 182 of the Licensing Act 2003.

114. For the purposes of this relief, assembly and leisure shall mean:

*A. Properties 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

*B. Properties that are being used for the assembly of visiting members of the public.*

- Public halls
- Clubhouses, clubs and institutions

115. For the purposes of this relief hotels, guest & boarding premises and self-catering accommodation shall mean:

*A. Properties 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

116. To qualify for the relief the property should be wholly or mainly be 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, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, properties which have closed temporarily due to the Government's advice on COVID 19 should be treated as occupied for the purposes of this relief.

117. This is not intended that the above to be an exhaustive list of qualifying properties. If a use is not listed, the Council will decide whether that use should be treated as used for the purposes under paragraph 94, having



particular regard as to whether the use is similar to any of the uses listed above.

118. The list below sets out the types of uses that the Council does not consider to be an eligible use for the purposes of this relief. Again, this is not intended to be an exhaustive list of uses not eligible for relief. The Council will determine whether particular properties are broadly similar in nature to those below and, if so, may determine that they are not eligible for the relief under the local scheme.

A. *Properties 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)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
- Post office sorting offices

B. *Properties that are not reasonably accessible to visiting members of the public.*

119. In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, the Council may not grant the relief to itself, or to a precepting authority.

120. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to the cash cap limit.

## **Process**

121. For the financial year 2022/23 where both Subsidy Control and Cash Cap limits apply an application for relief will be required.

122. The Council will only award relief in respect of this period where it is satisfied the eligibility criteria is met, including whether the applicant is entitled to the relief under the cash cap. The application will contain a declaration signed by the applicant confirming that they have an entitlement to relief under the cash cap and that receipt of relief does not breach the upper limits of the Small Amounts of Financial Assistance Allowance Subsidy Control limit (upper limit £343,000).

## **Right to Refuse**

123. A Business may refuse the relief for each eligible property anytime up to 30/04/2023. Where a business has refused the relief in respect of a property, the property is outside of the scheme and outside of the scope of the decision

of which properties qualify for the relief and are therefore ineligible for the relief. The business cannot withdraw their refusal for either all or part of the financial year.

### **Nursery Discount Relief**

124. The relief applies to properties which are occupied by nursery providers who are on the OFSTED Early Years Provider Register, and which are wholly or mainly used for the provision of the Early Years Foundation Stage.

125. The relief will be awarded in respect of the financial years 2020/21 and 2021/22.

### **Level of Relief**

126. The total amount of relief available for each property for the period 01/04/20 to 30/06/21 under this policy will be 100% of the bill after all the other mandatory and other Government funded discretionary grants have been applied.

127. For the period 01/07/21 to 31/03/22 the relief will be applied at 66% of the outstanding bill for the year 2021/22. Further, for that period, the level of relief to be applied will be capped at £105,000 per business.

128. No business should receive relief that exceeds the £105,000 cash cap across all of their properties.

129. Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purpose 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.

130. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

131. Relief itself will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
132. A new property created as a result of a split or merger during the financial year, or where there has been a change of use, will be considered afresh for the relief on that day.

## **Criteria**

133. To qualify for relief the property must be occupied by nursery providers who are on the Ofsted's Early Years Register and must be wholly or mainly used for the provision of the Early Years Foundation Stage.
134. To qualify for the relief the property should be wholly or mainly being used for the purpose outlined in paragraph 127 above. In a similar way to other reliefs (such as charity relief) this is a test on use rather than occupation. Therefore properties which are occupied but not wholly or mainly used for the above purpose will not qualify for the relief.
135. For the avoidance of doubt, properties which have closed temporarily due to the Government's advice on Covid-19 should be treated as occupied for the purposes of this relief.
136. In line with the legal restrictions in section 47 (8A) of the Local Government Finance Act 1988, the Council may not grant the relief to itself or to a precepting authority.

## **Process**

137. With respect to the period 01/04/20 to 30/06/2021, when the total level of relief available is 100%, where the Council is satisfied that a property is eligible for Nursery Discount Relief, it will award relief in respect of this period, without the need for an application.
138. The appropriate level of relief will be applied to their bill for the period 01/04/20 to 31/06/2021 and a letter confirming the award of the relief will be issued to all eligible businesses.
139. With respect to the period 01/07/21 to 31/03/22, when the total level of relief available is 66%, businesses will have to apply for the relief for that period. The Council will only award relief in respect of that period where it is satisfied the eligibility criteria is met, including whether the applicant is entitled to the relief under the cash cap. The application will contain a declaration signed by the applicant confirming their entitlement to relief under the cash cap.

## **Right to Refuse**

140. A Business may refuse the relief for each eligible property anytime up to 30/04/2022. Where a business has refused the relief in respect of a property, the property is outside of the scheme and outside of the scope of the decision of which properties qualify for the relief and are therefore ineligible for the relief. The business cannot withdraw their refusal for either all or part of the financial year.

## **Covid Additional Relief Fund Relief (CARF)**

141. The Council has developed a CARF Relief scheme that will award relief to eligible businesses in respect of their liability for business rates during the year 2021/22. Awards may be made up to September 2022.

## **Level of Relief**

142. The Council has been allocated funding to support the award of this relief. The level of relief will be determined once all successful applications have been processed.

143. Relief will be awarded as a flat rate percentage reduction in the net liability for 2021/22 to all successful applicants.

144. If the award of CARF Relief has the effect of placing an account for 2021/22 into credit the credit will be used to reduce the liability for 2022/23 or for any year where an amount is outstanding. However, ratepayers can request a refund of any credit generated by the award of this relief.

## **Criteria for Relief**

145. The scheme has been developed with reference to Government guidance which states that a Local Authority must:

- a) Not award relief to ratepayers who are either entitled to or would have been eligible for the Extended Retail Discount scheme, the Nursery discount or Airport and Ground Operations Support Scheme
- b) )Not award relief to any hereditament for a period when it is unoccupied, (other than hereditaments which closed temporarily due to the government's advice on COVID19, which should be treated as occupied for the purposes of this relief) and
- c) Direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to the impact

146. In addition, Local Authorities are not allowed to award this relief to themselves or their preceptors (in this case South Yorkshire Police, South Yorkshire Fire & Rescue and Parish Councils).
147. Applications will not normally be considered for the following hereditaments:
- Premises and land used for personal use or storage.
  - Car parking spaces that are not run as a commercial business.
  - Utilities and communications infrastructure
  - Central and local government and NHS infrastructure
148. Further, on the basis that Covid 19 would not have adversely affected, financially, the business, applications will not normally be considered from the following:
- Universities
  - Primary and Secondary Schools
  - GP Surgeries and Health Centres
  - Financial Services (Banks Building Societies Financial Advisers)
149. Notwithstanding the above, it is likely that the following businesses will be eligible for this relief:
- Warehouses
  - Workshops
  - Factory and Premises
  - Office and Premises
  - Businesses involved in the supply chain to the Retail Hospitality Accommodation and Leisure sector
150. Businesses must have been listed in the Rating List on or before 20 March 2020. Eligible businesses whose liability for business rates ended after 20 March 2020 and prior to 31 March 2022 will be considered for relief.

### **Conditions for Relief**

151. Businesses that meet the eligibility criteria must also prove they have been significantly impacted financially (lost business revenue) as a result of the Covid-19 Pandemic.
152. Businesses must confirm that receipt of this relief does not breach any of the Subsidy Control Limits under which this relief is awarded.
153. Entitlement to the award of relief for the whole or part thereof of 2021/22 is subject to the property meeting the eligibility criteria for the whole of the relevant period. If that subsequently is not proven to be the case, for

example due to a change in circumstances relief will be recalculated and maybe cancelled.

### **Process For Relief**

154. Applications are required for this relief. The application process will capture information required by Government and will also require the business to demonstrate that it has been adversely impacted by the Covid-19 pandemic.
155. At the point of application businesses will be advised of the Subsidy Control Limits that apply to this relief.
156. Where insufficient detail is provided with the application (particularly in relation to demonstrating the adverse financial impact on the business that Covid -19 has had) the Council will request further information from the applicant.
157. There be an application “window” (which may be extended dependent upon demand) after which decisions on the level of relief to be awarded to successful applicants will be taken, with regard being given to the level of funding the Council will receive from Government.
158. The Council reserves the right to reopen any application window once an initial window has closed and applications assessed.
159. When the level of relief has been determined, businesses will be notified and will be asked to declare that receipt of this relief will not breach the Subsidy Control Limits associated with this relief.
160. When this declaration is received by the Council relief will be awarded. In accepting the relief, a business will have to confirm that receipt of the relief does not breach the Subsidy Control Limits under which the relief can be awarded.

### **Recalculation of Relief**

161. Under regulations made in 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 (other than to comply with any international agreement). Such a revocation or variation can only take effect at the end of a financial year 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 or reduces the value of the award, the relevant bill can be amended in the year to reflect the loss of the relief.

## **Subsidy Control**

162. When a Local Authority grants public resources to selected organisations that are engaged in economic activities, this is known as a subsidy. Subsidies can have an effect on trade or investment between the Parties. Therefore, the provision of a subsidy, depending on the circumstances, maybe unlawful. Business Rate relief falls within the definition of subsidy. However, the 'De Minimus' rules, applicable under the European Union (Future Relationship) Act 2020 provide that the grant of public resources, up to set amounts, is lawful.
163. Consequently, discretionary relief will not be awarded in any circumstances where it appears to the Council that an award will result in the applicant receiving subsidy above the relevant permitted limit under the De Minimus rules or any relevant Subsidy Control limits set out by Government,
164. Each application for relief must be fully completed to include a statement signed by the ratepayer (or person acting with the authority of and representing the ratepayer) setting out amount of subsidy, including, but not limited to, the discretionary relief received under this policy which the ratepayer or subsidiary company has received in the previous three years. Applications will not be accepted unless this statement has been fully completed,
165. Relief will be reviewed on an annual basis to ensure that the subsidy limits are not breached.
166. Relief awarded incorrectly or above subsidy limits maybe recoverable
167. With respect to Expanded Retail Discount and Nursery Discount Relief, Government guidance is that, given the impact of Covid-19 on the sectors benefiting from these reliefs, their provision is not a subsidy.

## **Applications and Reapplications**

168. Applications must be made in writing using the appropriate forms provided by the Council's Business Rates service, see: [www.sheffield.gov.uk/business-economy/business-rates/relief-entitlement.html](http://www.sheffield.gov.uk/business-economy/business-rates/relief-entitlement.html)
169. Completed application forms must be signed by the ratepayer / a person authorised by the applicant to claim the relief.
170. Applicants must supply any supporting information as required by the Council.
171. Where the Council requires additional information, the applicant will be asked to provide it within one month of the request.

172. If the applicant has not provided the requested information within one month, the Council will decide whether to award relief and if so, the level of the relief, on the information in its possession. In some cases, the Council may verify the information given by the applicant by contacting third parties and other organisations.

### **Decision Making**

173. All applications will be considered and decided by officers of the Council's Business Rates team or other staff as appropriate given demands on resources. For Top-Up Relief, Not for Profit Relief and Hardship Relief, the decision will be made by a Finance Manager or above and Investing In Sheffield Relief, the decision will be made by an Assistant Director of Finance (or equivalent) or above.

### **Notifications**

174. The Council will inform the applicant in writing of the decision regarding their application for a relief under the Policy within seven days of the Council making the decision.

175. Where the application is not successful, the notification will provide reasons why the Council has decided not to award relief and the applicant's right to ask for the decision to be reviewed.

176. Where the application is successful, the notification will include the following information:

- The period of the award.
- The amount of relief to be awarded.
- Details of when an amended Non-Domestic Rate Demand will be issued.
- The right to ask for a review of the decision.

### **Right of Review**

177. An applicant may request a review of a decision made under the Policy. The request needs to be in writing to the Business Rates service and must include details as to why the applicant believes the decision is wrong, for example, whether the published criteria have been properly adhered to.

178. The reviewing officer will not have been party to the original decision and will be of at least equivalent seniority to the original decision-maker.

179. The outcome of the review will be notified to the applicant within 14 days of the review decision.



## **Fraud**

180. The Council is committed to fighting fraud in all its forms. The Council may commence criminal proceedings against an applicant who tries to fraudulently apply for any relief under this policy by falsely declaring their circumstances or providing a false statement or evidence in support of their application.

## **Appendix: Eligibility Criteria and Level of Relief for operation of The SSB scheme Criteria**

### **Day 1 Eligibility for the Scheme**

For 1 April 2017, the supporting small businesses (SSB) relief scheme applies to hereditaments for which:

- a. the chargeable amount for 31 March 2017 is calculated in accordance with section 43(4B) or (6B),
- b. in relation to 43(4B) the value of E for 31 March 2017 is greater than 1
- c. the chargeable amount for 1 April 2017 is found in accordance with section 43(4), 43(4B), 43(6A) or where regulations 12(3), 12(7) or 12(9) of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265 applies, and
- d. the chargeable amount for 1 April 2017 is more than (£600/365) higher than the chargeable amount for 31 March 2017.

Where for 31 March 2017 the chargeable amount has been found under section 47, then eligibility for SSB should be determined as if section 47 did not apply.

### **Continued eligibility for the scheme after 1 April 2017**

After 1 April 2017, the Supporting Small Businesses (SSB) scheme will cease to apply where:

- a. the chargeable amount for a day found under the SSB scheme is the same as or more than the chargeable amount found in the absence of the SSB scheme. This ensures that where, for example, the minimum increase in the chargeable amount in the SSB scheme would take the bill above the level it would otherwise have been then the hereditament will drop out of the SSB scheme. It also ensures that where, for example, with effect from after 1/4/17, the hereditament becomes eligible for 100% Small Business Rate Relief then they also fall out of the SSB scheme,
- b. the chargeable amount for a day would otherwise fall to be found by section 43(5) or where paragraph 12(5) or sub-paragraphs 2(4), 3(4), 4(4), 5(4) of Schedule 2 of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265 applies (charities or registered community amateur sports clubs), or
- c. the hereditament for a day is unoccupied.

Furthermore, where the ratepayer during 2016/17 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 2017), then eligibility for the SSB scheme will cease at the end of that 12 months period of grace.

Hereditaments which cease to be entitled to Supporting Small Businesses 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 Supporting Small Businesses relief if it subsequently becomes occupied again.

## **Level of Relief**

### **Chargeable Amount under the Supporting Small Businesses Scheme**

Where the Supporting Small Businesses scheme applies then the Council will apply a chargeable amount under section 47 of the 1988 Act for the period 1 April 2017 to 31 March 2022 found in accordance with the rules in [Part 1 to Part 3 of] the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265 subject to the following changes:

- a. BL for 2017/18 is the chargeable amount for 31 March 2017 x 365 (on the assumption that section 47 did not apply for 31 March 2017). This ensures the starting base liability for hereditaments eligible for SSB include the SBRR or rural rate relief for 31 March,
- b. Where a certificate has been issued under regulations 17 or 18 then BL for 2017/18 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 x AF) or (BL + 600) whichever is the greater”. This ensures the bill increase is the greater or £600 or the increase under the caps in the transitional relief scheme,
- d. AF is found in accordance with regulation 10(6) irrespective of the rateable value of the hereditament for 1 April 2017. This ensures only the cap on increases for small properties is applied in the SSB scheme irrespective of the actual rateable value of the hereditament,
- e. regulation 12(6)(b) is omitted. This ensures SBRR is not also applied to the capped bill in the SSB scheme. This avoids double counting of relief as illustrated at paragraph 23 above,
- f. the reference to “2” in regulation 12(8) is “1”. This ensures rural rate relief is not also applied to the capped bill in the SSB scheme. This avoids double counting of relief,

- g. "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 SSB relief,
- h. for a year (the year concerned) other than 2017/18, BL is (BL x AF) or (BL + 600) from the year immediately the year concerned whichever is the greater.

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

For the avoidance of doubt, the rules for changes in rateable value with effect from after 1 April 2017 (regulation 13) will continue to apply as normal subject to the amendments above. This ensures that, for example, later increases in rateable value are paid in full in the normal way.

## **Splits and mergers**

The SSB scheme will apply to hereditaments:

- a. coming into existence because of the circumstances described in paragraph 1 of Schedule 2 of Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265,
- 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 the SSB scheme, and
- c. the circumstances described in the Continued eligibility for the scheme after 1<sup>st</sup> April 2017 section above, do not apply for the creation day in respect of the hereditament.

After the creation day, the SSB scheme will cease to apply in the circumstances described above.

For hereditaments meeting the criteria in the Splits and Mergers paragraph above, the Council will apply a chargeable amount under section 47 of the 1988 Act found in accordance with the following principle:

- a. that the protection offered by the SSB scheme (that the bill will not rise by the greater of £600 p.a. or the transitional relief caps) will continue to apply in principle to that part of the newly created hereditament which was immediately before the creation day in the SSB scheme, and

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

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 Schedule 2 of Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265).

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. DCLG does not expect authorities to seek any formal apportionments of the rateable value for this.

With respect to the extension of the Support for Small Business Rate Relief into the financial 2022/23, all of the above criteria and guidance will apply when awards are being considered.