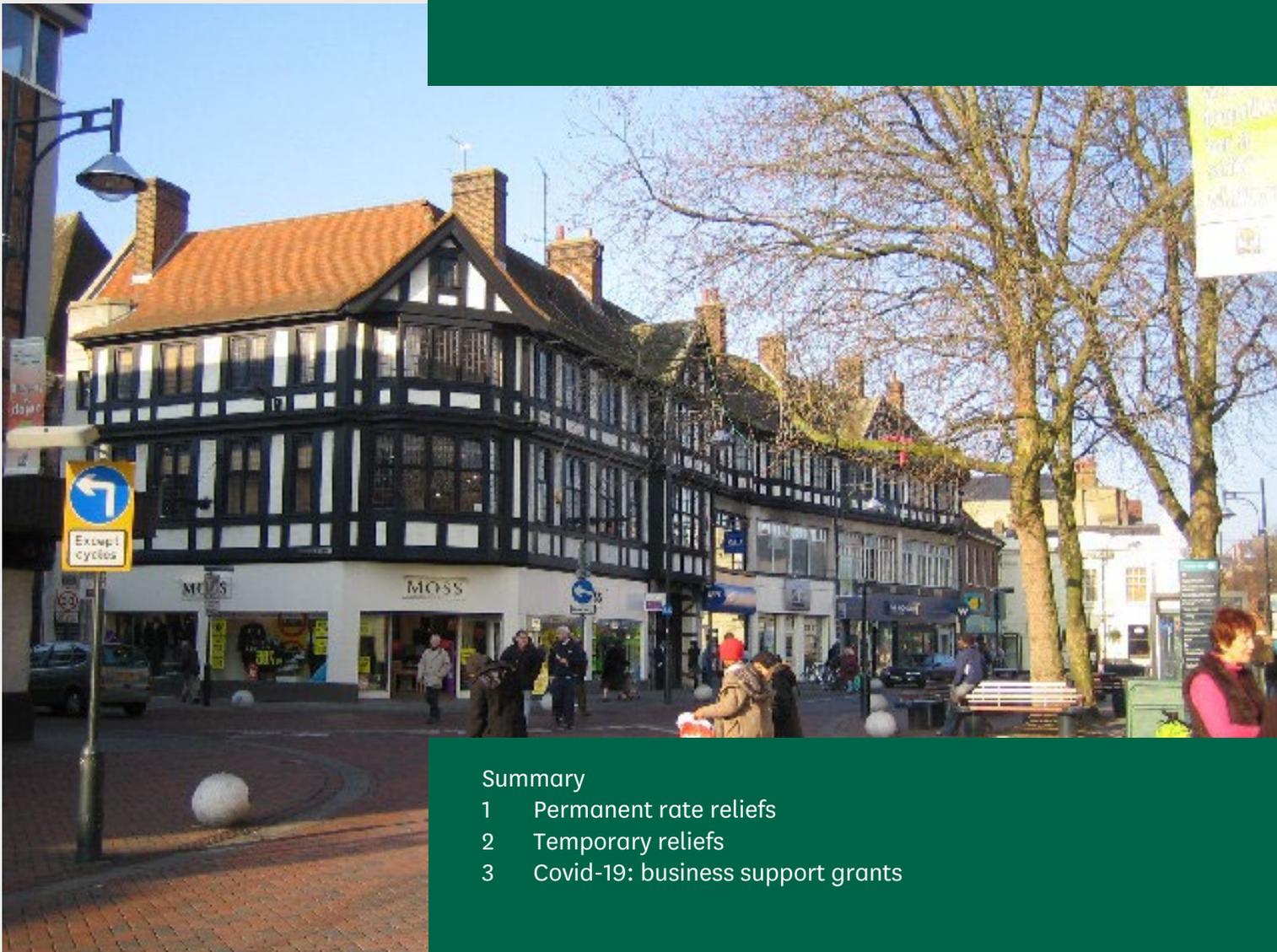


Research Briefing

5 December 2023

By Steve Browning

Business rates: Reliefs and grants



Summary

- 1 Permanent rate reliefs
- 2 Temporary reliefs
- 3 Covid-19: business support grants

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Summary

This briefing paper summarises existing mandatory reliefs from business rates, and current and recent temporary relief schemes, in England.

What are business rates?

Business rates are a property tax paid by occupants of non-domestic properties. The basic rates bill is determined by multiplying the rateable value of a property (a '[hereditament](#)' or 'heritage') by the '[multiplier](#)'. Properties' rateable values are set by the [Valuation Office Agency](#) in England and Wales, the [Assessors](#) in Scotland, and [Land and Property Services](#) in Northern Ireland.

The Commons Library research briefing [Business rates](#) contains more information on the operation of the business rates system.

What are business rate reliefs?

Ratepayers may be eligible for one or more of many mandatory and discretionary reliefs on their bill. In England, billing authorities (district and unitary councils) are responsible for deciding whether ratepayers are entitled to any reliefs. [Ratepayers can appeal against the billing authority's decision](#). If the occupier of the property changes, the entitlement to business rate relief may also change.

Business rates are entirely devolved to Scotland, Wales and Northern Ireland. The devolved administrations are responsible for setting mandatory reliefs.

The UK Government website provides [a list of reliefs available in England](#). The devolved administrations provide equivalent lists for [Scotland](#), [Wales](#), and [Northern Ireland](#).

Reliefs relating to the Covid-19 pandemic

Billing authorities were also responsible for distributing some of the support grants available to businesses during the Covid-19 pandemic. The eligibility criteria for many of these grants related to the rateable value of a business's property. As with reliefs, billing authorities were responsible for deciding on businesses' eligibility for these grants.

This research briefing provides details of the various grant schemes operating in England in 2020/21 and 2021/22. Similar schemes operated in [Scotland](#), Wales and [Northern Ireland](#).

1 Permanent rate reliefs

This section sets out the mandatory rate reliefs in England that billing authorities must award to ratepayers. In each case, similar systems of relief exist in Scotland and Wales, but with distinct eligibility criteria. Reliefs in Northern Ireland are substantially different from those in Great Britain.

In each case, it is up to the billing authority in the first instance to decide whether a property is eligible for rate relief.

1.1 Small business rate relief

As of 1 April 2017, small business relief in England is available to businesses that only occupy a single property, as follows:

- Properties with a rateable value of £12,000 or below attract 100% rate relief (meaning the business would pay no business rates);
- Properties with a rateable value of £12,001 to £15,000 attract a tapering discount from 0% to 100%, on the basis of 1% relief for every £30 of rateable value;
- Properties with a rateable value of £15,001 to £50,999 are subject to the small business multiplier instead of the standard multiplier. (See the Commons Library research briefing [Business rates](#) for details).

Businesses occupying more than one property are only eligible for small business rate relief if their additional property or properties all have rateable values of under £2,900, and the total rateable value of all their properties does not exceed £19,999 (£27,999 in London).¹ In this scenario, the relief is only available on the main property, not on any smaller properties that the business occupies.

The Government compensates English local authorities in full for reductions in revenue caused by the changes to small business rate relief in April 2017. Prior to that date, 100% relief was available on properties with a rateable value of £6,000 or below, with a tapering discount up to £12,000. The Government is not legally required to provide this compensation. It is provided to local authorities via a 'section 31 grant'.

¹ DCLG, [Business Rates Information Letter 1/2017](#), 24 January 2017: see also the [Non-Domestic Rating \(Reliefs, Thresholds and Amendment\) \(England\) Order 2017](#) (SI 2017/102).

The Government has a long-term policy commitment to replace small business rate relief with an “allowance”:

The Government is committed to considering the feasibility of replacing small business rate relief with a business rates allowance for small businesses once local authority and HMRC systems are linked in line with our planned digitalisation of business rates.²

In England, a year’s grace is available for businesses which take on any additional properties which make them ineligible for small business relief.³

Wales

In Wales, business premises with a rateable value up to £6,000 attract 100% relief. Ratepayers with RVs of between £6,001 and £12,000 receive relief on a tapered basis from 100% to 0%.⁴ Relief is also available for post offices, childcare premises and retail premises with rateable values below specified levels.⁵

Businesses not eligible for small business relief include those entitled to other types of mandatory relief, advertising rights (such as billboards), beach huts, communication stations, car parks, car spaces and sewage works. Eligible businesses may claim small business rate relief for a maximum of two properties in each local authority area.⁶

Scotland

Scotland operates a ‘Small Business Bonus Scheme’, equivalent to a scheme of small business rate relief. It awards relief to businesses on the basis of their combined rateable value. Businesses occupying properties that have a cumulative rateable value of £15,000 or less receive 100% relief. Businesses that occupy properties with a cumulative rateable value of £15,001 - £35,000 receive 25% relief on the business rates bill relating to each individual property that has a rateable value of £18,000 or under.

A property must be occupied in order to benefit from the Small Business Bonus scheme: empty properties are not eligible. Companies offering payday loans are also not eligible for the Scheme.

Businesses have to apply for the Small Business Bonus Scheme but do not need to reapply as long as their circumstances remain the same. Relief can

² [PQ 176219 2017-19](#), 16 Oct 2018

³ See the [Non-Domestic Rating \(Small Business Rate Relief\) \(England\) \(Amendment\) Order 2014](#)

⁴ See the [Non-Domestic Rating \(Small Business Relief\) \(Wales\) Order 2017](#) (SI 2017/1229). This system is essentially the same as the pre-2017 provisions for England.

⁵ See Welsh Government, [Business Rates Relief in Wales](#), for additional details

⁶ Welsh Government, [Permanent Small Business Rates Relief Scheme for Wales](#), 2019, p4-5

be awarded for a maximum period of five years without a review being undertaken.⁷

Northern Ireland

Northern Ireland operates [a system of small business rate relief](#), which provides the following:

- business properties with an NAV ('net annual value', equivalent to rateable value) of £2,000 or less receive 50% relief
- business properties with an NAV of more than £2,000 but not more than £5,000 receive 25% relief
- business properties with an NAV of more than £5,000 but not more than £15,000 receive 20% relief

Small business rate relief is not available on unoccupied or partially occupied properties, nor on certain other classes of property such as government buildings, car parks, and telecommunication masts.

1.2

Charitable relief

In England, Scotland and Wales, properties which are occupied by charities and wholly or mainly used for charitable purposes are entitled to a mandatory reduction of 80% in business rates, as are community amateur sports clubs (CASCs).⁸ Billing authorities have the discretion to increase this to 100%.⁹ It is for the billing authority to determine whether a property is 'wholly or mainly used for charitable purposes'. Case law establishes that the use of the property, not merely whether the occupant is a charity, is critical to this decision.¹⁰

In England and Wales, independent schools and private hospitals that are run by charitable bodies can benefit from charitable relief. From the 2020-21 financial year, mainstream independent schools in Scotland do not benefit from charitable relief: see section 10 of the [Non-Domestic Rates \(Scotland\) Act 2020](#).

A group of some 20 NHS trusts launched a court case in April 2018 seeking backdated charitable relief. The High Court rejected the case in December

⁷ See Scottish Government, [Small Business Bonus Scheme \(SBBS\)](#)

⁸ The Treasury publishes [a list of registered CASCs](#). For a definition of the category, see the [Community Amateur Sports Clubs Regulations 2015](#) (SI 2015/725).

⁹ See the [Local Government Finance Act 1988](#), sections 43 and 47.

¹⁰ See, for instance, [Public Safety Charitable Trust v Milton Keynes](#) (2013); see also the Government's 2015 paper [Business rates avoidance: summary of responses](#).

2019.¹¹ The BBC reported in March 2021 that a planned appeal had been abandoned.¹²

In Northern Ireland, properties used for charitable purposes attract 100% relief. [Northern Ireland's definition of charitable purposes](#) can also extend to non-profit organisations and buildings occupied for community purposes. 80% 'sport and recreation relief' is also available to non-profit organisations using properties for those purposes.

1.3 Rural rate relief

In England, 100% rural rate relief is available to public houses or petrol stations if they are the only such business in a rural settlement, and have a rateable value of less than £12,500; and to sole shops, general stores or post offices with a rateable value of less than £8,500.¹³

Up to 2022-23, rural rate relief took precedence over Small Business rate relief.¹⁴ So a property could attract a 50% mandatory discount under the former, in place of a 100% mandatory discount under the latter. This meant that some rural properties were entitled to less relief due to their rural location.¹⁵

Section 1 of the [Non-Domestic Rating Act 2023](#) removed this anomaly in England, and provided 100% rural rate relief for eligible properties. In advance of this change, the Government funded local discretionary awards of 100% rural rate relief from 2017-18 onwards, compensating authorities for revenue forgone via a section 31 grant.¹⁶

In Wales, since 2003, a property has been entitled to whichever is the more generous of rural and small business relief.¹⁷

Rural rate relief operates in Scotland, with slightly different eligibility criteria from England: see [the Scottish Government's website](#). In Northern Ireland, 100% relief is available for rural post offices with an NAV of £9,000 or below.

¹¹ See Colin Marrs, "Court rejects NHS trusts' claim for millions in business rates relief", *Room 151*, 12 December 2019. The judgment, [Derby Teaching Hospitals vs Charity Commission](#), is available online.

¹² BBC, "[NHS trusts drop court appeal for £2.35bn business rates discount](#)", 29 Mar 2021

¹³ See the Local Government Finance Act 1988, section 43

¹⁴ See the Local Government Finance Act 1988, section 43 (8C)

¹⁵ [HCDeb 23 Nov 2016_c907](#)

¹⁶ DCLG, [Business Rates Information Letter 1/2017](#), 24 January 2017

¹⁷ See section 61 of the [Local Government Act 2003](#)

1.4 Scotland: additional reliefs

Scotland operates a '[business growth accelerator relief](#)' scheme. This provides full relief on business rates for new-build properties that have yet to be occupied; and full relief for the first twelve months after a business occupies a new-build property.¹⁸ It also provides that improvements to a property will not impact on the property's rate liability for a period of twelve months after they are complete.¹⁹ These changes were both proposed by the 2017 Barclay Review of business rates. Separately, a twelve-month exemption from business rates is available on properties newly-taken on by a business.

Details of a number of additional reliefs [are provided on the scot.gov website](#). For instance, from 2020-21, 100% relief has been available in Scotland on reverse vending machines (these provide money to consumers in exchange for recyclable bottles and cans). 50% relief is available for district heating networks up until 2032. Up to 100% relief is available for properties used for community energy generation schemes; residential accommodation for the care of aftercare of people who are ill; training for disabled people; and welfare services or workshops for disabled people.

1.5 Discretionary relief

Section 47 of the [Local Government Finance Act 1988](#) provides a discretionary power for billing authorities in England and Wales to reduce the business rates of any local ratepayer.²⁰ Billing authorities cannot give rate relief under this provision on properties that they occupy, nor can they give relief to precepting authorities or London functional bodies.²¹ They must also not breach the UK's subsidy control provisions: these superseded state aid rules after the UK left the EU.

A power also exists to grant relief if a business would suffer 'hardship' if they had to pay their full business rates liability. There is no definition of 'hardship' in legislation, though relevant case law exists. The billing authority must take into account the interests of council tax-payers in their area before granting hardship relief.²² This power has fallen into disuse in England and Wales since the introduction of discretionary relief. In Scotland, where no general power exists to give discretionary relief, it is still in use.²³

¹⁸ See the [Non-Domestic Rates \(New and Improved Properties\) \(Scotland\) Regulations 2018](#) (SI 2018/75)

¹⁹ See the [Non-Domestic Rates \(New and Improved Properties\) \(Scotland\) Regulations 2018](#) (SI 2018/75)

²⁰ This power was introduced by section 69 of the [Localism Act 2011](#).

²¹ Local Government Finance Act 1998, s47 (8A-9)

²² Local Government Finance Act 1988, s49 (2)

²³ See Scottish Government, [Non-domestic rates: hardship relief](#), 9 March 2020

2 Temporary reliefs

The Government has instituted a number of short-term business rate relief schemes in England in the late 2010s and early 2020s. This section provides details of a number of these.

Some of these reliefs are mandatory, and have been introduced via legislation. Others are not mandatory: in legal terms, they consist of Government commitments to fund local discretionary discounts for certain classes of property. Some were introduced specifically to address the effects of the Covid-19 pandemic in 2020-22.

Many new business rate reliefs also attract a New Burdens assessment, meaning that billing authorities can anticipate assistance from Government with the costs of implementation.²⁴

Additionally, funds for rate relief provided for England by the UK Government engage the Barnett formula, meaning that new reliefs in England result in additional funds for the devolved governments in Scotland, Wales and Northern Ireland. Those funds can be spent as the devolved governments choose.

2.1 Retail, hospitality and leisure relief

There is relief available for retail, hospitality and leisure properties in England.

- In 2023-24, retail, hospitality and leisure properties were eligible for 75% business rate relief. Individual businesses could receive a maximum of £110,000 relief under this scheme. The Government published guidance on eligibility and procedures in December 2022.²⁵
- In 2024-25, the relief scheme would operate in the same way, with eligible properties receiving 75% rate relief. Individual businesses could receive a maximum of £110,000 relief under the scheme.²⁶

²⁴ DCLG, [Business Rates Information Letter 2017/4](#), page 3; [HCWS 64 2019-21](#), 27 January 2020

²⁵ DLUHC, [Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme, local authority guidance](#), 21 Dec 2022

²⁶ DLUHC, [5/2023: Autumn Statement business rates measures](#), 23 November 2023

History of the scheme

- On 17 March 2020 the Government announced that it was “giving all retail, hospitality and leisure businesses in England a 100% business rates holiday for the next 12 months”.²⁷ It extended the relief to estate agents, letting agencies and bingo halls on 25 March 2020.²⁸

The Government published guidance on the definitions of the retail, hospitality and leisure sectors in March 2020. To be eligible, properties had to be on the rating list on 11 March 2020. Empty properties were not eligible for this relief.²⁹

- The March 2021 Budget extended 100% relief for the same types of businesses – and for day nurseries – for the first three months of the 2021-22 financial year. These sectors were entitled to a 66% reduction in rate bills for the remaining nine months of 2021-22. The lists of eligible and ineligible property types were identical to those in the guidance for the 2020-21 financial year.³⁰
- In 2022-23, retail, hospitality and leisure properties were eligible for 50% business rate relief. Individual businesses were able to receive a maximum of £110,000 relief under this scheme.³¹

Retail relief schemes in the mid-2010s

Prior to the onset of the Covid-19 pandemic, a written statement in January 2020 had announced a 50% discount for retail properties, cinemas and live music venues with a rateable value of £51,000 and under for 2020-21.³² This built upon reliefs available in the 2019-20 financial year, of one third off all business rates bills for retail properties with a rateable value of £51,000 and under.

A retail relief scheme also existed in the 2014-15 and 2015-16 financial years. This provided a flat-rate discount to all retail properties with a rateable value of £50,000 or below, of £1,000 in 2014-15 and £1,500 in 2015-16.³³

²⁷ HM Treasury, [Chancellor announces additional support to protect businesses](#), 17 March 2020

²⁸ MHCLG, [Covid-19: Estate agents, lettings agencies and bingo halls to pay no business rates this coming financial year](#), 25 Mar 2020

²⁹ MHCLG, [Business rate retail relief: guidance](#), 25 Mar 2020

³⁰ DLUHC and MHCLG, [Business rates: expanded retail discount 2021 to 2022 – local authority guidance](#), 4 March 2021

³¹ DLUHC, [2022/23 Retail, Hospitality and Leisure Relief Scheme: local authority guidance](#), 20 December 2021

³² [HCWS 64 2019-21](#), 27 January 2020

³³ DCLG, [Business rates retail relief: guidance](#), January 2015

2.2

Improvement relief

The 2022 Autumn Statement introduced 100% “improvement relief” for all properties. This will provide 12 months relief from higher bills for occupiers where eligible improvements to an existing property increase the rateable value. This relief will run from 2024 to 2028 in the first instance.³⁴

Improvement relief was first proposed in chapter 4 of the Government’s [Business Rates Review: technical consultation](#), published in November 2021 (and it was originally to be introduced in 2023). This consultation specified that the relief was to be available when ‘qualifying works’ had taken place on a property, the property had remained occupied throughout, and the ratepayer had not changed – that is, a new occupant could not claim the relief based on a previous occupant’s improvements. This consultation said:

... in order to fall within the meaning of qualifying works, the improvements will need to produce:

- an increase to the size of a building or the internal useable space within a hereditament,
- other improvements or upgrades to the property’s physical state which might include addition of heating, air conditioning, or raised flooring, or
- addition of other rateable plant and machinery

4.6 Examples of the type of works which may meet the definition of qualifying works are (assuming all remain in a rating list and under the same occupation):

- A business adds insulation or new lining to a previously uninsulated old industrial property resulting in an increase in value of the property.
- A business makes a physical extension to their property, like an extension to the rear.
- A shop removes a structural wall within its front part. This could increase the rateable value as the areas previously behind the wall are now able to be used for retail purposes rather than storage.
- A business adds a structural mezzanine retail area at their retail warehouse.

A change of use or addition of land to the property would not constitute ‘qualifying works’.

³⁴ HM Treasury, [Autumn Statement 2022](#), 2022, p54.

A power to introduce improvement relief can be found in clause 1 of the [Non-Domestic Rating Bill 2022-23](#). In June 2023, the Government also consulted on draft regulations, to be made if Parliament passes this Bill.³⁵

Improvement relief has affinities with Scotland’s Business Growth Accelerator (see section 1.4 above).

2.3 Renewable energy exemptions

The Government announced its intention to apply “targeted business rate exemptions” related to renewable energy in the 2021 Autumn Statement.³⁶ Two schemes were proposed. One will apply to “eligible plant and machinery used in onsite renewable energy generation and storage, such as rooftop solar panels and battery storage used with renewables and electric vehicle charging points”.³⁷ This was implemented by the [Valuation for Rating \(Plant and Machinery\) \(England\) \(Amendment\) Regulations 2022](#). These regulations require valuation officers to disregard a range of types of plant and machinery, used for generating various types of renewable energy, when valuing properties. Plant and machinery used for generating wind, water, solar, and geothermal power (amongst other types of power) must be disregarded, and properties must be valued as if they were not present. These provisions apply from 2022 to 2035.

The Government also decided to provide full relief for low-carbon heat networks that are listed separately on the rating list.³⁸ Guidance published in February 2023 said that the relief would apply to a property on the rating list that is:

- a. wholly or mainly used for the purposes of a heat network, and
- b. the heat is over the next 12 months expected to be generated from a low carbon source (irrespective of whether that source is located on the hereditament or on a different hereditament).

13. We would anticipate the test at b) above being made based on a forecast at the start of each financial year and local authorities are not required to revisit that forecast and review the relief retrospectively for the same year. Nevertheless, local authorities may still review the eligibility for relief mid-year if, for example, there are changes to the type of plant installed at the facility.

...

... a heat network is a **facility, such as a district heating scheme, which supplies thermal energy from a central source to consumers via a network of pipes for the purposes of space heating, space cooling or domestic hot**

³⁵ See DLUHC, [Business Rates Improvement Relief: Draft regulations](#), 5 Jun 2023

³⁶ HM Treasury, [Autumn 2021 Budget](#), p144

³⁷ HM Treasury, [Business Rates Review: final report](#), October 2021, p8

³⁸ See DLUHC, [Business Rates Review: technical consultation](#), Nov 2021, chapter 5

water. Hereditaments wholly or mainly providing heat for a different purpose (such as an industrial process) are not eligible.³⁹

Heat network relief will apply from 2024 to 2035. The guidance on heat network relief stated that the Government will fully reimburse local authorities for revenue foregone.

2.4

Supporting Small Businesses scheme

The 2022 Autumn Statement announced a relief scheme called Supporting Small Businesses. This is intended to run alongside the transitional relief scheme that applied from 1 April 2023, when the 2023 revaluation took effect. Further information on the 2023 revaluation is available in the Library briefing paper [Business rates: the 2023 revaluation](#).

Supporting Small Businesses applies to properties that lost eligibility for Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation (due to an increase in their rateable value at the revaluation). It provides that the maximum increase of the business rates bill on those properties is £600 per year. That maximum increase per year will apply through to 2026 (when the next revaluation is due).

Charities, and community amateur sports clubs, are not eligible for this relief, nor are empty properties. The amounts available in relief are subject to the cap of £315,000 over three years in the [Subsidy Control Act 2022](#).

Properties that will have a rateable value of over £51,000 but that are eligible for Supporting Small Businesses will have their bills calculated using the small business multiplier, instead of the standard multiplier.⁴⁰

Supporting Small Businesses 2017-23

The Government established a similar Supporting Small Businesses scheme between 2017 and 2023. As in 2023, this was intended to complement the transitional relief scheme established alongside the revaluation that took effect in 2017 (see the Library briefing [Business rates: the 2017 revaluation](#)).

The 2017 Supporting Small Businesses scheme provided that eligible businesses' business rates bills could rise by a maximum of £50 per month, or 5% in 2017-18, **whichever was the greater**, until they reach their full liability. The maximum percentage is 7.5% in 2018-19, 10% in 2019-20, and 15% in

³⁹ DLUHC, [Business rates heat network relief: local authority guidance 2023-24 - GOV.UK \(www.gov.uk\)](#). 21 Feb 2023, paragraphs 12-14

⁴⁰ See DLUHC, [Business Rates Relief: 2023 Supporting Small Business Relief, local authority guidance](#), 21 Dec 2022

2020-21 and 2021-22.⁴¹ Where a new ratepayer occupies an eligible property, the property will remain eligible for this relief.

As in 2023, businesses that saw their rateable value rise above the threshold for the small business multiplier (£51,000) at the 2017 revaluation could continue to use the small business multiplier if they were eligible for this scheme.⁴²

The Autumn 2021 Budget extended this scheme for one year from 2022 to 2023, alongside the extension of the 2017-22 transitional relief scheme. This reflects the fact that the next revaluation in England will take effect in 2023, compared to its original date of 2022. Businesses that were eligible for this scheme in 2022/23 would only be able to access the 2023 scheme, described above, for one year (2023/24).

Additional discretionary relief fund

In addition to the Supporting Small Businesses scheme, a new £300 million fund was announced in the March 2017 Budget, to enable local authorities in England to apply further discretionary relief to 'hard cases'. This sum consisted of £180 million in 2017-18, £85 million in 2018-19, £35 million in 2019-20 and £5 million in 2020-21, with no additional money in 2021-22.⁴³

The criteria for eligibility for the fund were set out in a Government consultation, published on 9 March 2017. A related document fixes a maximum sum that each local authority will be able to claim back from the Government. These allocations were confirmed on 21 April 2017.⁴⁴

Discretionary relief to address MCC claims

On 25 March 2021 the Government announced a further £1.5 billion fund for additional local discretionary relief. This funding was intended to support businesses that might otherwise seek a reduction in their rateable value – and thus their rate bill – on the grounds of a 'material change of circumstances' (MCC), due to Government restrictions in response to Covid-19. The Government introduced the [Rating \(Coronavirus\) and Directors Disqualification \(Dissolved Companies\) Bill 2021-22](#) to prohibit MCC claims related to coronavirus: see the [Library briefing paper on the Bill](#) for further details.

⁴¹ DCLG, [Business Rates Information Letter 2017/4](#), paragraph 11

⁴² Ibid. See this document for further details on eligibility.

⁴³ HM Treasury, [Budget 2017](#), p. 26

⁴⁴ See DCLG, [Distribution of £300 million discretionary pot](#), March 2017; DCLG, [Business Rates Information Letter 2017/4](#), p. 3

2.5

Enterprise zones and freeports

Businesses moving into Enterprise Zones (EZs) in England are entitled to a 100% discount for five years.⁴⁵ The relief is awarded at the discretion of the billing authority, but will be funded by the Government. The Government will also fund any existing discounts that are being awarded in the zone.⁴⁶ A [similar scheme exists in Scotland](#).

The Government [published guidance in July 2021](#) on business rate reliefs for businesses located within 'freeports'. The first eight of these are located in East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside, and Thames. 100% rate relief for five years will be available to all businesses moving into a freeport, and partial relief will be available to businesses that expand their use of a building within the freeport area, through to 30 September 2026.⁴⁷ The Government will reimburse local authorities for this foregone revenue.⁴⁸ The guidance says that local authorities will have discretion to reduce the relief where the applying business has moved from a location near to the freeport area.

2.6

Local newspaper relief

At the July 2015 budget, a consultation was published on introducing business rate relief for local newspapers.⁴⁹ The 2016 Budget then committed to introducing a discount on business rate bills for local newspapers:

The government will introduce a £1,500 business rates discount for office space occupied by local newspapers in England, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.⁵⁰

This relief has since been extended to the 2024-25 financial year.⁵¹

⁴⁵ See the [Non-Domestic Rating \(Rates Retention and Levy and Safety Net\) \(Amendment\) Regulations 2018](#) (SI 2018/436), regulation 7

⁴⁶ See the [Non-Domestic Rating Contributions \(England\) \(Amendment\) Regulations 2012](#); also DCLG, [Business Rates Information Letter 5/2012](#).

⁴⁷ See the [Non-Domestic Rating \(Designated Areas\) Regulations 2023](#)

⁴⁸ [PQ HC 45549 2022-23](#), 2 Sep 2022

⁴⁹ See DCMS/DCLG, [The case for a Business Rates Relief for local newspapers](#), July 2015

⁵⁰ Ibid.

⁵¹ [HCWS 64 2019-21](#), 27 January 2020; HM Treasury, [Budget 2020](#), p. 90

2.7

Telecommunications relief

In the 2016 Autumn Statement, the Chancellor announced a new relief on business rates for telecommunications fibre infrastructure:

... from April [2017] we will introduce 100% business rates relief for a 5 year period on new fibre infrastructure, supporting further roll out of fibre to homes and businesses.⁵²

This was implemented by the [Telecommunications Infrastructure \(Relief from Non-Domestic Rates\) Act 2018](#). This Act also gave powers to the Welsh Government to give this relief.

This relief ended on 1 April 2022. The 2018 Act would be repealed by clause 2 of the [Non-Domestic Rating Bill 2022-23](#).

Scotland's telecommunications relief scheme has similar eligibility provisions to those of the English scheme.⁵³ However, it runs from 2019 to 2029, whilst the English scheme ran from 2017 to 2022.

2.8

Pub relief

In 2020-21, a discount of £5,000 was available on the rates bill of all pubs with a rateable value of under £100,000.⁵⁴ The Welsh Government announced an identical scheme on 17 March 2020.⁵⁵ No equivalent scheme operated in Scotland or Northern Ireland.

All pubs in England with a rateable value of under £100,000 were entitled to a flat-rate £1,000 discount from their business rate bills in 2017-19.⁵⁶ Billing authorities were reimbursed by the Government for revenue foregone.

There is no standard definition of a 'pub' in law or in the business rates system. Government guidance therefore set out criteria for eligibility for this relief, including a number of types of property that would not be eligible for reimbursement of discretionary relief.⁵⁷

⁵² [HCDeb 23 November 2016_c903](#)

⁵³ See the [Non-Domestic Rates \(Telecommunications New Fibre Infrastructure Relief\) \(Scotland\) Regulations 2019](#) (SI 2019/43)

⁵⁴ HM Treasury, [Budget 2020](#), p. 40

⁵⁵ Welsh Government, [Emergency support for businesses hit by coronavirus](#), 17 March 2020

⁵⁶ HM Treasury, [Budget 2017](#), p. 26

⁵⁷ Guidance for 2017-19 can be found in DCLG, [Business Rates Information Letter 2017/4](#); guidance for 2020-21 can be found in MHCLG, [Business Rates pubs discount 2020-21: local authority guidance](#). The two sets of guidance are identical in substance.

2.9

Day nurseries (childcare)

In Scotland, all day nurseries have been exempt from business rates from 2018.⁵⁸ The Welsh Government exempted day nurseries with a rateable value under £100,000 from business rates from 2019.⁵⁹

In England, there is no separate entitlement to relief for childcare nurseries, though some may benefit from other reliefs such as small business rate relief. A number of Parliamentary Questions raised this issue in the early 2020s.⁶⁰

The Government announced full relief from business rates for all day nurseries in England for 2020-21 on 18 March 2020, as part of its response to the Covid-19 pandemic. The relief was available to “hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage”.⁶¹ 100% relief was extended through to the first three months of the 2021-22 financial year, with 66% relief available for the remainder of that financial year. Nurseries that had closed because of coronavirus were also eligible.

In a response to a Parliamentary Question on 9 February 2023, in respect of England, the UK Government stated that it “has no plans to re-introduce a nurseries relief at this time”.⁶²

2.10

Wales: high streets rate relief

The Welsh Government operated a scheme of ‘high street rate relief’ in 2019-20 and 2020-21. High street retail properties with a rateable value of £9,100 or less received 100% business rate relief. Those with a rateable value of between £9,101 and £50,000 receive relief of up to £2,500.⁶³

For 2020-21 and 2021-22, this relief was subsumed in practice by the Welsh retail, hospitality and leisure relief system established during the Covid-19 pandemic. Retail properties in Wales with a rateable value of £500,000 or

⁵⁸ See the [Non-Domestic Rates \(Day Nursery Relief\) \(Scotland\) Regulations 2018](#) (SI 2018/65); and the [Non-Domestic Rates \(Levying and Miscellaneous Amendment\) \(Scotland\) Regulations 2023](#)

⁵⁹ See the [Non-Domestic Rating \(Small Business Relief\) \(Wales\) \(Amendment\) Order 2018](#) (SI 2018/1192)

⁶⁰ See [PQ HC 144989 2021-22](#), 4 Feb 2021; see also [PQ HC-249259 2017-19](#), 7 May 2019

⁶¹ MHCLG, [Business rates: nursery \(childcare\) discount 2020 to 2021: coronavirus response – local authority guidance](#), 18 Mar 2020, p.2

⁶² [PQ HC 139305 2022-23](#), 9 Feb 2023

⁶³ See Welsh Government, [Written Statement: Extension of the high street rates relief scheme in 2019-20](#), 10 December 2018; Welsh Government, [Extension of High Street and Retail Rates Relief for 2020-21](#), 7 Jan 2020; Welsh Government, [High Street and Retail Rates Relief in England 2019-20 - Guidance](#), April 2019.

less will receive 100% rate relief in 2021-22. Hospitality and leisure properties of any rateable value will receive 100% rate relief in 2021-22.⁶⁴

In 2018-19, a more restricted relief scheme operated. Eligible properties benefited from either up to £250 ('Tier 1') or up to £750 ('Tier 2') in relief from their rate bill, if they met certain criteria.⁶⁵

These reliefs are awarded by local authorities, which then claim the revenue they have foregone back from the Welsh Government.

2.11

Northern Ireland

A review of non-domestic rating was undertaken in 2015/2016 with a subsequent package of measures consulted upon by the Finance Minister in 2016/2017, entitled "Rates Rethink". Details of both packages can be accessed on [the Department of Finance website](#). This was overtaken by a [business rates review in May 2019](#), which itself was overtaken by the response to the Covid-19 pandemic from March 2020 onward and the establishment of the [Northern Ireland Fiscal Commission](#) in March 2021.

⁶⁴ See Welsh Government, [Covid-19 and Non-Domestic Rates Relief for Businesses in 2021-22](#), 10 Mar 2021

⁶⁵ See Welsh Government, [High Street Rates Relief in Wales: Guidance](#), 11 April 2018

3

Covid-19: business support grants

During the coronavirus pandemic in 2020, extensive grant support schemes were made available for businesses in England, with eligibility based on their location in the business rate system. These can be divided into three periods:

- March 2020 – August 2020: Retail, Hospitality and Leisure grants and small business grants;
- September 2020 – March 2021: Local Restrictions Support Grants and Additional Restrictions Grant, plus the Close Businesses Lockdown Payment;
- April 2021 onwards: Restart Grants, plus ongoing Additional Restrictions Grants.

This section provides brief details of the funding available through each of these schemes. These grants were made available in England only. ‘Barnett consequential’ funding was made available to the devolved administrations in Scotland, Wales and Northern Ireland, and similar schemes were established in those areas.

3.1

Business support grants: March-August 2020

The Chancellor’s 17 March 2020 statement provided that all businesses eligible for Small Business Rate Relief or Rural Rate Relief on 11 March 2020 would be eligible for a grant of £10,000 in 2020-21. In addition, businesses in the retail, leisure and hospitality sectors with properties with a rateable value of £51,000 or under were entitled to a £25,000 grant per business for 2020-21.⁶⁶ In the latter case, businesses were entitled to a grant for each qualifying property.

Guidance on eligibility was published on 24 March 2020.⁶⁷ Businesses had to have been eligible for Small Business Rate Relief on 11 March 2020 in order to qualify for the £10,000 grant scheme. To qualify for the larger £25,000 grant, a business had to be eligible for the 2020-21 retail, hospitality and leisure

⁶⁶ See HM Treasury, [Chancellor of the Exchequer Rishi Sunak on Covid-19 response](#), 17 Mar 2020. This increased a £3,000 grant announced in the 2020 Budget, provided to “help meet their ongoing business costs”.

⁶⁷ HM Treasury, [Coronavirus \(COVID-19\): business support grant funding - guidance for local authorities](#), 24 Mar 2020

relief scheme on 11 March 2020. Businesses that had ceased trading, or had not yet begun trading, on that date would not be eligible.

The Local Government Chronicle reported that 28 August 2020 was the deadline for local authorities to distribute funding from the two grants, and that any unspent funding from those schemes was to be returned to the Treasury.⁶⁸

Local Authority Discretionary Grant Fund

On 2 May 2020 [the Government announced an additional £617 million Local Authority Discretionary Grant Fund](#) alongside the Small Business Grants and Retail, Hospitality and Leisure Grants schemes. Guidance for the disbursement of this additional funding was published on 13 May 2020. The guidance stated that the Government wished to see four categories of business prioritised with this funding:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.⁶⁹

This fund was thus explicitly intended to plug gaps in eligibility for the business support grant and retail, hospitality and leisure grant.

3.2 Local Restrictions Support Grant: Sep – Dec 2020

The LRSG comprises [four grant schemes for businesses in England](#) which ran from September 2020 to March 2021:

- Local Restrictions Support Grant (Open)
- Local Restrictions Support Grant (Sector)

⁶⁸ Sarah Calkin, [“Government set to claw back more than £1bn in business grants”](#), *Local Government Chronicle*, 3 Aug 2020

⁶⁹ BEIS, [Local Authority Discretionary Grants Fund – guidance for local authorities](#), May 2020, p6

- Local Restrictions Support Grant (Closed), which also featured an ‘addendum’ following the reimposition of England-wide restrictions between 5 November and 2 December 2020
- Additional Restrictions Grant

The exact terms of the Local Restrictions Support Grant schemes were altered a number of times between September 2020 and April 2021, in line with changes to Government restrictions relating to Covid-19. The [guidance applying during different time periods is all available](#).

The LRSG ‘Open’ scheme applied to businesses in Tier 2 and 3 areas which have been impacted by local restrictions but were not required to close. The ‘Sector’ scheme applied to businesses in sectors that were required to close due to national regulations. The ‘Closed’ scheme applied to businesses in Tier 3 areas that were required to close.

The ‘Open’ scheme explicitly permitted local authorities discretion to decide how to distribute the grants. [The guidance](#) requested that they prioritise the “hospitality, hotel, bed & breakfast and leisure” sectors, but there was “no penalty” for those that deviate from this guidance according to local circumstances. There was no such explicit provision in the guidance for the ‘Closed’ scheme.

During the 5 November to 2 December 2020 ‘lockdown’ in England, the ‘Closed Addendum’ arrangements applied throughout England, superseding the other elements of the LRSG. After 2 December 2020, all parts of England returned to the tier of restrictions that they were in on 4 November (see paragraph 12 of the [Addendum guidance](#)).

3.3

Local Restrictions Support Grant: Jan – Mar 2021

A further national ‘lockdown’ began on 5 January 2021. The following grants were made available from that point to the end of the 2020-21 financial year:

- The Local Restrictions Support Grant (Closed) scheme was accessible by all businesses in England required by law to close. The grant was available in two ‘payment cycles’: 5 January – 15 February and 16 February – 31 March. The amount available was the same per week as was available in 2020 under the ‘Closed’ scheme;⁷⁰
- A ‘Closed Businesses Lockdown Payment’ was available to all businesses trading on 5 January 2021 that were required to close. This was an

⁷⁰ See [the updated guidance published](#) on 8 March 2021.

additional [one-off support grant for businesses](#), totalling £4.6 billion for England.

- [Guidance for both these schemes was published](#) on 13 January 2021, and [updated on 8 March 2021](#). The eligibility criteria for these two schemes were the same. Businesses had to apply by 31 March 2021 for the first LRSB payment cycle, and 31 May 2021 for the second; and by 31 March for the Closed Businesses Lockdown Payment.

3.4 Additional Restrictions Grant

The Additional Restrictions Grant (ARG) consisted of a one-off grant of £20 per head to each district or unitary council. The ARG emerged from a series of ‘deals’ that were negotiated with individual areas during September and October when they were required to move into Tier 3.⁷¹ The funding can be used in financial years 2020-21 and 2021-22, and it was to be used for general “business support activities”.

As of 4 November 2020, the ARG was made available to the whole of England. It received additional funding of £500 million in January 2021, and a further £425 million in April 2021.

Eligibility for the ARG was broader than eligibility for the LRSB schemes. In particular, businesses that were not registered for business rates – because they did not occupy any business properties, or they used property classified as occupied by another business – were not eligible for the LRSB. Local authorities were encouraged to provide grants for businesses as they saw fit:

There is no restriction on the number of grants a business may receive. This may include but is not limited to the travel and tourism sector, including group travel, travel agents and tour operators, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), and other businesses that may have not received other grant funding. This list is not directive nor exhaustive, and Local Authorities should continue to issue grants at their discretion, based on local economic needs.⁷²

This is similar to the purpose of the Local Authority Discretionary Grant Fund in the March – August 2020 period.

⁷¹ For details of the system of Tiers 1, 2 and 3, and subsequently Tier 4, used in the Government’s response to the Covid-19 pandemic in autumn 2020, see Department of Health and Social Care, [Full list of local restriction tiers by area](#), 4 Jan 2021

⁷² BEIS, [Additional Restrictions Grant: guidance for local authorities](#), June 2021, p6

3.5 Restart Grants: Apr 2021 -

The 2021 Budget announced a new programme of [Restart Grants](#) to support businesses in the 2021-22 financial year. Grants were available to retail businesses ('Strand One'), and to businesses in the hospitality and leisure sectors, together with gyms, accommodation premises, and personal care premises ('Strand Two').

As with the LRSB, grants were made available in respect of each property occupied by a business, and the amounts were dependent on each property's rateable value. The amounts that were made available are as follows:

Restart Grants	Non-essential retail (Strand One)	Hospitality, leisure etc (Strand Two)
Amount per property available to councils: £15,000 RV or under	£2,667	£8,000
Amount per property available to councils: £15,001-£50,999 RV	£4,000	£12,000
Amount per property available to councils: £51,000 + RV	£6,000	£18,000

The grants available to retail properties were two-thirds of the [Closed Businesses Lockdown Payment](#), and those available to the hospitality, leisure and related sectors were double the Closed Businesses Lockdown Payment.

[The Government guidance](#) provided a definition of 'non-essential retail', and of hospitality, leisure, gym services, accommodation, and personal care businesses, including exclusions. Businesses not within the business rates system were not eligible for the Restart Grant.

3.6 Omicron Hospitality and Leisure Grants

The Government announced a one-off Omicron Hospitality and Leisure Grant on 31 December 2021. This was targeted towards businesses in the hospitality, leisure and accommodation sectors that offer in-person services; where the main service and activity takes place in a fixed rate-paying premises.⁷³

⁷³ BEIS, [Check if you're eligible for the Omicron Hospitality and Leisure Grant](#), 31 December 2021

As with the Restart Grants, one grant was available per eligible property. The grant was £2,667 for properties with a rateable value of £15,000 and under; £4,000 for a rateable value of above £15,000 and under £51,000; and £6,000 for a rateable value of £51,000 or above. The property must have been occupied, and the business trading, on 30 December 2021.

The Government guidance provided lists of types of property that were eligible for the Omicron grants. The eligible properties in the hospitality and accommodation sectors were the same as for the Restart Grants, but the range of eligible properties in the leisure sector was more limited: for instance, bingo halls, ice rinks and wildlife centres, amongst others, were not eligible for Omicron grants.⁷⁴

⁷⁴ See BEIS, [Omicron Hospitality and Leisure Grant: guidance for local authorities](#), 12 Jan 2022

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