

DISCRETIONARY BUSINESS RATES POLICY

Corporate Resources

February 2019

Version Control

Version	Description of version	Effective Date
1.0	New and updated Policy	October 2013
1.1	Minor amendments and review by Committee	February 2019

Approvals

Approved by	Date
Finance and Management Committee	17 October 2013
Finance and Management Committee (subject to any amendments at Committee)	14 February 2019

Associated Documentation

Description of Documentation	

1.0 Introduction

The Policy sets out the criteria which the Council will use when considering applications for awarding discretionary rate relief:

- To Charitable Organisations and Not-for Profit Making Bodies (Part 1)
- For Rural Rate Relief (Part 2)
- For Hardship Relief (Part 3)

PART 1: CRITERIA TO BE TAKEN INTO ACCOUNT WHEN CONSIDERING APPLICATIONS FOR DISCRETIONARY RATE RELIEF

1.0 General Position

- 1.1 Relief from non-domestic rates is available to charities and other non-profit making organisations in certain circumstances.
- 1.2 Charities using premises for charitable purposes are entitled to an initial 80% relief from non-domestic rates. In addition the Council may give a further discretionary relief of up to 20%.
- 1.3 Relief from non-domestic rates may also be granted to non-profit making organisations with charitable or philanthropic objectives and those involved with education, religion, social welfare, science, literature and the arts. Relief is entirely at the discretion of the Council and can be set at any level up to 100%, but this will be net of any Small Business Rate Relief, or other relief, entitlement whether or not an application has been made that may from time to time be made available under any government scheme such as Supports for Pubs and Retail Relief. The Council will assume that an application has been made and where the organisation is eligible grant relief, on the lower amount.
- 1.4 The Council may also exceptionally consider cases under the general powers to award discretionary rate relief as amended by the Localism Act 2011. See Part 1 Section 3.13.
- 1.5 Certain premises in rural areas, with a population of under 3,000, may qualify for Rural Rate Relief (See Part 2). The Council's Rural Rate Relief Leaflet updated annually at the end of December each year provides details of qualifying rural settlements and types of eligible premises.
- 1.6 Relief may also be granted where ratepayers would otherwise suffer hardship (See Part 3).

2.0 General Scheme

- 2.1 The Council considers each request for relief individually and on its merits. It does not adopt a policy which allows it to deal with a case without full consideration.
- 2.2 The range of bodies eligible for discretionary rate relief is wide. This document contains examples of criteria which might be adopted to assist in deciding whether to grant relief and the level of relief.
- 2.3 Where it applies, Small Business Rates Relief shall be claimed (or otherwise the equivalent value shall be assumed to have been awarded) before the award of discretionary rate relief.
- 2.4 Generally, subject to consideration of each case on its merits, the award of top-up discretionary relief where mandatory charity relief at 80% is in payment is unlikely to be made.

3.0 Criteria

- 3.1 Factors which will assist in making a decision are:
- 3.2 Is membership open to all sections of the community? Are there barriers to membership?

Clubs or organisations which have membership rates set at such a high level so as to exclude the general community or operate an exclusive system whereby membership is determined by the votes of existing members will not normally receive relief.

- 3.3 Does the organisation actively encourage membership from particular groups in the community, e.g. young people, women, older age groups, persons with disability, ethnic minorities, etc.

An organisation which encouraged such membership might expect more consideration than one which made no effort to attract members from groups which the authority considered to be deserving of support.

- 3.4 Are the facilities made available to people other than members, e.g. to schools, open casual public sessions, etc.

The wider use of facilities will be encouraged

- 3.5 Does the organisation provide training or education for its members? Are there schemes for particular groups to develop their skills, e.g. young people, the disabled, retired people?

An organisation that provides such facilities might deserve more support than one which did not.

- 3.6 Is the membership drawn from people mainly resident in the charging authority's area?

Where hereditaments are situated close to an authority's boundary, a substantial proportion of the membership may come from another charging authority area. In considering the weight to be given to the proportion of membership from within the authority's area, authorities should not penalise organisations because of their location.

- 3.7 Have the facilities been provided by self-help?

A club whose members have paid for the provision or improvement of facilities themselves may be deserving of relief compared to one whose facilities have been funded by grant aid. Similarly, a club which uses self-help for construction or maintenance might be more deserving of relief.

- 3.8 Does the organisation run a bar? Would a casual visitor find more active users of the facilities or social visitors ?

The Council will look at the main purpose of the organisation and the balance between, for example, sporting or social activities. How much cross subsidy is there in the accounts of the organisation between the two elements ?

- 3.9 Does the organisation provide facilities which indirectly relieve the authority of the need to do so, or enhance those which it does provide?

The Council will look at the broader context of the needs of the community as a whole.

- 3.10 Is the club affiliated to local or national organisations, e.g. local sports or art councils, national representative bodies and are they actively involved in local or national development of their interests?

Evidence of the impact locally of any national organisation will be considered.

- 3.11 When considering each case on its merits, the financial position of each organisation, as shown in the Accounts for the past two financial years, should show that there is a genuine need for rate relief.

The general measure used for this is that any accumulated balances should not exceed half of the normal annual expenditure of the organisation, unless the organisation can demonstrate that a substantial part of the balance is reserved for repairs or improvements or that funds are otherwise earmarked for specific projects and it is a condition of the funding that they are so used (Ideally this will usually be noted in the Accounts).

Please note that financial consideration will be of importance and will include:

- (i) Accounts for the last financial year together with a statement on the current financial position and any important items likely to affect that position.*
- (ii) The level of subscriptions and the date of the last increase.*
- (iii) The extent to which the organisation relies on its own fundraising efforts.*
- (iv) The pricing of the organisation's facilities and services.*
- (v) The amount of grant and other aid made available to the organisation by the Council or other fund-raising bodies.*
- (vi) What is shown in any trading accounts for subsidiary activities for items such as catering/bar?*
- (vii) What is the relationship between any subsidiary and tmain accounts*

3.12 Applications are normally to be effective from the start of the financial year in which the application is made, or from the date of occupation if later, except in the case of a general review, which will take normally place every two years.

3.13 Exceptionally, applications may be considered for assistance in those cases where it is in the interests of the Council to offer discounts to attract firms, investment and jobs to the area. Such matters will generally be of a strategic nature taking into account the long-term benefit of growth compared to the short-term cost.

3.14 These cases will be considered by the Finance and Management Committee.and not by delegated authority as any expenditure will require budgetary approval .

4.0 Delegated Scheme

4.1 The delegation scheme is set out below:

- (i) Any application where a bar is run that is more than supporting the activities of the organisation, i.e. where the social activities are more than 50% of use or income generated (see paragraph 3.8 above) should be refused.
- (ii) Cases that fulfil the criteria in all the paragraphs above be granted 80% relief.
- (iii) Any applications that fulfil the criteria but where there is a bar be granted 50% of the relief prescribed at ii above.
- (iv) Discretionary relief in addition to mandatory relief will only be granted in exceptional circumstances and not to national charities.

- (v) Any case which will have a financial impact to the Council of more than £2,500 will be submitted to the Finance and Management Committee for consideration.

5. General

- 5.1 In all cases where discretionary relief is granted, with the exception of 4.1 (v) above, the relief will be granted for a maximum period of 2 years.
- 5.2 All decisions will be notified in writing along with reasons for any refusal or restrictions in relief granted.
- 5.3 The mechanics of the procedure are as follows:
- Report of delegated decisions to be submitted to the Finance and Management Committee.
 - Appeals to be made within 14 days of the notification of the decision.
 - Appeals to be on specific points i.e. those that are outlined in the decision to reject or restrict the award.
 - All appeals to be submitted to the Licensing and Appeals Committee.
 - No relief shall be awarded where it appears that the ratepayer will receive state aid that is above the current de minimis level.

PART 2: CRITERIA TO BE TAKEN INTO ACCOUNT WHEN CONSIDERING APPLICATIONS FOR DISCRETIONARY RURAL RATE RELIEF

1.0 General Position

- 1.1 The Council also has discretion to remit all or part of the rate bills on other properties in a settlement on the Rural Settlement List if the rateable value is £16,500 or less and the Council is satisfied that the property is used for a purpose which benefits the local community.
- 1.2 The Rural Settlement List is published annually under the provisions of the Local Government and Rating Act, 1997 for use in the Rural Rate Relief Scheme. Areas are included in the list below if they have been prescribed as rural and appear to have a population of less than 3,000 on 31st December in any year

2.0 General Scheme

- 2.1 The Council considers each request for relief individually and on its merits. It does not adopt a policy which allows it to deal with a case without full consideration.
- 2.2 The range of bodies eligible for discretionary rural rate relief is wide.

- 2.3 Where it applies, Small Business Rates Relief shall be claimed (or otherwise the equivalent value shall be assumed to have been awarded) before the award of discretionary rate relief.
- 2.4 Generally, subject to consideration of each case on its merits, the award of top-up discretionary relief where mandatory charity relief at 80% is in payment is unlikely to be made.

3.0 Criteria

- 3.1. Factors which will assist in making a decision are
- (i) The nature of the business and the service(s) it provides.
 - (ii) How the business benefits the local community.
 - (iii) Trading accounts for the last two years.
 - (iv) Why the business should be granted discretionary relief and the implications of it not receiving relief.
 - (v) Any other information in support of the application e.g. steps taken to ensure the continuing viability of the business.
 - (vi) The application will then be considered in accordance with the delegated scheme that is in operation. Copies of the scheme are available from the address on the back of this leaflet.
- 3.2 When considering each case on its merits, the financial position of each organisation, as shown in the Accounts for the past two financial years, should show that there is a genuine need for rate relief.
- The general measure used for this is that any accumulated balances should not exceed half of the normal annual expenditure of the organisation, unless the organisation can demonstrate that a substantial part of the balance is reserved for repairs or improvements or that funds are otherwise earmarked for specific projects and it is a condition of the funding that they are so used (Ideally this will usually be noted in the Accounts).*
- 3.3 Applications are normally to be effective from the start of the financial year in which the application is made, or from the date of occupation if later, except in the case of a general review, which will normally take place every two years.

4 Delegated Scheme

- 4.1 The delegation scheme is set out below:
- (i) Any applications that fulfil the criteria be granted 50% relief.

- (ii) Discretionary relief in addition to mandatory relief will only be granted in exceptional circumstances..
- (iii) Any case which will have a financial impact to the Council of more than £2,500 will be submitted to the Finance and Management Committee for consideration.

4.2 An application should be made in writing

5.0 General

5.1 In all cases where discretionary rural rate relief is granted, the relief will be granted for a maximum period of 2 years.

5.2 All decisions will be notified in writing along with reasons for any refusal or restrictions in relief granted.

5.3 The mechanics of the procedure are as follows:

- Report of delegated decisions to be submitted to the Finance and Management Committee.
- Appeals to be made within 14 days of the notification of the decision.
- Appeals to be on specific points i.e. those that are outlined in the decision to reject or restrict the award.
- All appeals to be submitted to the Licensing and Appeals Committee.

No relief shall be awarded where it appears that the ratepayer will receive state aid that is above the current de minimis level.

PART 3: CRITERIA TO BE TAKEN INTO ACCOUNT WHEN CONSIDERING APPLICATIONS FOR HARDSHIP RELIEF

1.0 General Position

1.1 Relief under this Section of the Policy is available to organisations and businesses that are experiencing unusual or exceptional pressures that threaten the ongoing viability of the business in the Council's area. This may include possibility of relocation, reorganisation business growth or shrinkage or unexpected events outside the control of the organisation.

1.2 Rate relief shall only be awarded on the grounds that :

- i. The ratepayer would sustain hardship if the Council failed to give relief, and
- ii. It is reasonable to grant hardship relief having regard to the interests of the general community of Council Taxpayers in the community.

- 1.3 The interest of Council Taxpayers is wider than the financial interest and takes into account matters such as employment and/or amenities in the area or locality if the business ceased.
- 1.4 An award will not be given to allow a business to establish itself but may be given to allow a business to relocate to alternative premises to ensure the continuation of trading. An application of such a nature must be supported by a clear business plan, including workforce and financial projections. It is expected that some independent evidence as to the continued viability of the business will also be provided to ensure that any relief is applied wisely.
- 1.5 Other forms of rate relief will be considered first and applications for such deemed to have been made, e.g. Section 44a relief.

2.0 General Scheme

- 2.1 The Council considers each request for relief individually and on its merits. It does not adopt a policy which allows it to deal with a case without full consideration.
- 2.2 The range of bodies eligible for Hardship relief is wide.

3.0 Criteria

- 3.1 Factors which will assist in making a decision are;
- 3.2 The business is generally profitable.
- 3.3 The majority of employees are SDDC residents
- 3.4 The business has a track record of good employment practices including recognised training facilities.
- 3.5 The business is able to demonstrate that it has a clear business plan to manage the short-term pressures.
- 3.6 The business adopts good, recognised and sustainable environmental practices to industry standards that cause no detriment to the residents of SDDC.
- 3.7 The business uses, whenever possible, local suppliers.
- 3.8 When considering each case on its own merits, the financial position of each organisation, as shown in the Accounts for the past two financial years, should show that there is a genuine need for rate relief.
- 3.9 Applications are normally to be effective from the start of the financial year in which the application is made, or from the date of occupation if later.

4. Delegated Scheme

4.1 The delegation scheme is set out below:

- (i) Any case which will have a financial impact to the Council of more than £2,500 will be submitted to the Finance and Management Committee for consideration.

5.0 General

5.1 In all cases where hardship relief is granted, the relief will be granted for a maximum period of 1 year.

5.2 All decisions will be notified in writing along with reasons for any refusal or restrictions in relief granted.

5.3 The mechanics of the procedure are as follows:

- Report of delegated decisions to be submitted to the Finance and Management Committee.
- Appeals to be made within 14 days of the notification of the decision.
- Appeals to be on specific points i.e. those that are outlined in the decision to reject or restrict the award.
- All appeals to be submitted to the Licensing and Appeals Committee.
- No relief shall be awarded where it appears that the ratepayer will receive state aid that is above the current de minimis level.