



## **New Forest District Council**

# **Revenues and Benefits Service Rate Relief Policy**

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## **1. Introduction**

- 1.1 This policy sets out the Council's approach to supporting local businesses under its business rate relief schemes.
- 1.2 The Council recognises the importance of supporting local businesses and organisations to promote the provision of economic growth and local facilities. Councils have the power to grant discretionary rate relief to organisations that meet certain criteria, and this policy applies to applications for rate relief for National Non-Domestic Rates (Business Rates). Rate Relief can be mandatory, discretionary or both, and is granted in accordance with the Local Government Finance Act 1988 and 2012, and the Localism Act 2011.
- 1.3 This policy specifies the factors that will be considered when deciding whether to award a relief. All applications will be decided on its merits, and we will treat all customers fairly and equally.

## **2. Policy Aims**

- 2.1 Public funds are limited and a proportion of the costs of the rate relief granted is borne by local council tax payers. In making decisions, the Council must be satisfied that awarding a rate relief will benefit the community.
- 2.2 The Council will treat all applicants equally, will consider all applications on their individual merits fairly and consistently, and will seek through administering this policy to meet corporate objectives and support local businesses and organisations.
- 2.3 The overall interests of Council Tax payers is safeguarded by ensuring that funds are allocated and used in the most effective and economic way.

## **3. Rural Rate Relief**

### Mandatory Rate Relief

- 3.1 Certain properties can be awarded rate relief if it is located in a rural area, which is defined as a rural area with a population below 3,000.

- 3.2 50% rate relief shall be awarded where the ratepayer occupies:

- the only general store or post office within a rural settlement and the rateable value is less than £8,500.
- the only pub or petrol station within the rural area with a rateable value of £12,500 or less.

### Discretionary Rate Relief

- 3.3 50% rate relief will be awarded in all cases where the occupier is entitled to the 50% mandatory rate relief.
- 3.4 In addition, 100% rate relief can be awarded where the ratepayer occupies a property within a rural settlement with a rateable value of less than £16,500 and where the council considers the property provides a clear benefit to the local community.

### Reviews

3.5 All mandatory and discretionary rate relief awards will be reviewed every 3 years.

## **4. Registered Charities**

### Mandatory Rate Relief

4.1 80% rate relief shall be awarded where:

- (a) the ratepayer of a property is a registered charity and
- (b) the property is wholly or mainly used for charitable purposes

### Reviews

4.2 All mandatory rate relief awards will be reviewed every 3 years

### Discretionary Rate Relief

4.3 20% discretionary rate relief can be awarded where the ratepayer is entitled to the mandatory rate relief and where:

- where the property is occupied and used to provide a service or benefit to the local community,
- is open to all the community,
- the ratepayer is able to demonstrate they would sustain financial hardship if the rate relief was not awarded
- it is reasonable for the Council to do so, having regard to the interests of local council tax payers

The following will not be eligible for a discretionary award:

- charity shops,
- private and independent schools
- Housing Associations

### Reviews

4.4 Discretionary Rate Relief awards will be subject to the following review periods:

- (a) Every 5 years where the annual value of the discretionary rate relief award is more than £1,500
- (b) Every 3 years where the annual value of the discretionary rate relief award is less than £1,500

## **5. Registered Community Amateur Sports Clubs**

### Mandatory Rate Relief

5.1 80% rate relief shall be awarded where the ratepayer is registered with HMRC as a Community Amateur Sports Club.

### Discretionary Rate Relief

5.2 The council has decided not to make any discretionary awards. However, where the Community Amateur Sports Club would otherwise be entitled to small business rate relief we will award:

- 20% where the rateable value is below £12,000

### Reviews

5.3 Any mandatory rate reliefs will be reviewed every 3 years.

## **6. Sports Clubs and Not for Profit Organisations**

6.1 The council has the discretion to award discretionary rate relief of up to 100% of the business rates on properties occupied by a sports club and not-for-profit-organisations. Applications will be treated on their own merits and in consideration of the interests of local taxpayers.

6.2 To be eligible for consideration, the property must be:

- (a) Wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purpose of a club, society, or other organisation not established or conducted for profit; or
- (b) occupied for the purposes of one or more institutions or other organisations, none of whom are established or conducted for profit and each of whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature, or the fine arts.

6.3 The organisation should be able to demonstrate a financial need for rate relief. The government has provided some guidance when considering an application.

6.4 In making a decision, we will consider the following:

### Access and membership

- (a) Is membership open to all sections of the community? There may be legitimate restrictions placed on membership, e.g., where the capacity of the club is limited. Organisations will not be considered if the membership rate is high and therefore excludes the general community.
- (b) Does the organisation actively encourage membership from across the community or actively target specific groups, such as young people, older age groups, persons with disabilities, ethnic minorities etc. Organisations which do not encourage such membership may not be successful.
- (c) Are the facilities made available to the community, other than just members? The wider use of facilities should be encouraged and promoted.
- (d) Is the organisation affiliated to local or national organisations, e.g., local sports or arts councils, national representative bodies? i.e., are they actively involved in local/national development of their interests
- (e) How is the organisation funded?

### Provision of facilities

- (a) Does the organisation provide training or education to its members, or schemes to develop skills?
- (b) Have the facilities available been provided by self-help or grant aid? An organisation that uses or has used self-help or grant aid for construction, maintenance or provision of facilities may be considered more favourably.
- (c) Does the organisation have a bar? Having a bar should not in itself be a reason for not granting relief. The Council will look at the main purpose of the organisation, for example bringing people together with similar interests. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities.
- (d) Does the organisation provide facilities which indirectly relieve the Council of the need to do so, or enhance and supplement those which it does provide? The Council will not refuse to grant rate relief on the grounds that an organisation is in competition with the Council itself but will look at the broader context of the needs of the community as a whole. A new need, not being provided by the Council but identified as a priority for action, might be particularly deserving of support.
- (e) Are the premises available to the wider community to use?

### Reviews

6.5 Discretionary Rate Relief awards will be reviewed within the lifetime of the rating list.

## **7. Small Business Rate Relief**

7.1 Small business rate relief is a mandatory relief and will be awarded based on the following criteria:

- (a) There is mandatory rate relief of 100% where the ratepayer occupies a property with a rateable value of £12,000 or less, or if more than one property is occupied and the additional property has a rateable value of less than £2,900 and the combined rateable value of all the properties is not more than £20,000,
- (b) Rate relief is awarded on a sliding scale where the ratepayer occupies one main non-domestic property with a rateable value of between £12,000 and £15,000, or if the ratepayer occupies more than one non-domestic property, each additional property has a rateable value of less than £2,900 and the total rateable value of all properties is less than £20,000.

7.2 Where a demand notice is issued to a ratepayer information is provided about this relief.

### Reviews

7.3 All awards will be reviewed during the lifetime of the rating list

## **8. Hardship Rate Relief**

8.1 The Council will consider applications for hardship rate relief of up to 100% of the business rates due by taking into consideration the following:

- (a) the ratepayer would sustain hardship if the authority did not do so; and

- (b) it is reasonable for the authority to do so, having regard to the interests of persons subject to its council tax.
- 8.2 The amount of any hardship rate relief award will be capped at the lower of 6 months rates liability or £3,000.
- 8.3 The intention is to support businesses in the short term, with awards usually being for a maximum period of 6 months, to allow the business to develop, recover or manage an event or decline and become financially stable. Government guidelines advise that the awarding of rate relief should only be in exceptional circumstances. The test of hardship is not necessarily confined to financial hardship; all relevant factors affecting the ability of a business to meet its liabilities will be taken into consideration. It is the ratepayer's responsibility to demonstrate hardship and to supply supporting evidence.
- 8.4 The council is open and transparent and as such, any hardship award must fulfil the test as to whether council taxpayers would consider the award to be reasonable and in their best interests.
- 8.5 Any award will be an exception and when making a decision, we will consider the following:
- (a) Whether the business provides a service to the community
  - (b) Whether the service provided is obtainable elsewhere within a reasonable distance
  - (c) Whether there is a genuine prospect of the business going out of business without an award
  - (d) The number of persons employed by the business
  - (e) Whether there is a genuine prospect of the business continuing in the long term after an award
  - (f) The latest figures available for net profit/loss, and the cost of business rates as a percentage of total business expenses and gross profit.
  - (g) If the hardship is not just the result of economic or market factors, nor due to excessive drawings or outgoings.
  - (h) What steps the ratepayer has taken to alleviate the hardship
  - (i) Details of why the business is experiencing hardship
  - (j) How long the business has been trading. An award of Hardship rate relief will not be made for the purpose of enabling a new business to become established except where the viability of the business is threatened by events that could not reasonably have been foreseen when establishing the business
  - (k) If the property is unoccupied, awards will only be made in exceptional circumstances and where there are clear benefits to council tax payers
  - (l) The ratepayers history of business success or failure
  - (m) Consideration will be given where the ratepayer has more than one trading business
- 8.6 Hardship relief will not be granted where the applicant:
- Has failed to have adequate insurance for their business or premises, resulting in the application for hardship
  - Has not maintained payment of their business rates for previous years

## **9. Partly unoccupied properties**

9.1 Where part of a property is unoccupied for a short time the council has discretion to reduce the rates on a property by awarding rate relief in respect of the unoccupied part of the property. The council will ask the Valuation Office Agency to apportion the rateable value between the occupied and unoccupied parts of the property.

9.2 In deciding whether to award a rate relief the following factors will be considered:

- (a) The reasons for the part occupation
- (b) The expected duration of any part occupation
- (c) Previous awards to the same organisation

9.3 The rate relief can apply for a maximum of 6 months for industrial properties and a maximum of 3 months for non-industrial properties.

## **10. Policies and procedures**

10.1 For any award of discretionary rate relief, as set out in sections 4, 5, 6 and 8 applicants must ensure that:

- There are relevant policies such as child protection, safeguarding, health and safety, codes of practice
- They must adhere to the Equality Act 2010 and Disability Discrimination Act to legally protect people from discrimination in the workplace and in the wider society.
- All of the organisations employed staff must be paid the current national living wage as a minimum

10.2 Where an application is received from an organisation that is the subject of an investigation by a relevant regulator, such as the Charity Commission, we will make a decision once the outcome of the investigation is decided.

## **11. Applications**

11.1 An application must be made in the format prescribed by the council and include any supporting evidence the council considers necessary. This could include audited accounts and recent bank statements.

11.2 Where requested information and evidence is not supplied the Council will not make an award.

## **12. Awards**

12.1 Any reliefs awarded will be applied directly to the business rates account.

12.2 Reliefs will cease and any overpaid rate relief will be recovered where:

- (a) The applicant ceases to be liable for business rates,
- (b) The property for which relief is granted becomes empty,
- (c) The use of the property changes
- (d) The aims, or objectives of the organisation changes or it ceases from activities which the Council considers to meet the above eligibility criteria
- (e) The organisation ceases trading



- (f) There is a change in circumstances, for example a change in the rateable value
- (g) The applicant no longer meets the eligibility criteria for an award, for example they lose their CASC status

12.3 Awards will be considered from the date the application is received. In exceptional circumstances consideration may be given to awarding rate relief for a retrospective period where the ratepayer can demonstrate good cause for not submitting the application earlier, subject to the following constraints relating to discretionary awards:

- (a) If the application is received by 30 September, the award can be backdated to 1 April of the previous financial year
- (b) If the application is received after 30 September, the award can only be backdated to 1 April of the current financial year

### **13. Decision Making**

13.1 Decisions will be made by the Business Rate team, in conjunction with the Revenues Manager, in accordance with the eligibility criteria.

### **14 Notification**

14.1 The Council will notify ratepayers within one month of making their application and providing all the supporting information.

14.2 Where an award is made notification will be sent to confirm the amount and duration of the award and the ratepayers revised liability. The ratepayer will be required to notify the council of any changes in their circumstances that could affect the award.

### **15. Review of decisions**

15.1 The Council will operate an internal review process and will accept an applicant's request for an appeal of its decision.

15.2 All such requests must be made in writing or by email to the Council within one month of the Council's decision and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal.

15.3 The application will be reconsidered by Service Manager – Revenue, Benefits and Customer Services, as soon as practicable and the applicant informed in writing or by email of the decision. This decision is final and there are no further grounds to challenge a decision internally, however an applicant may apply for a Judicial Review of a decision.

15.4 Ratepayers should continue to pay any amounts due whilst the application is awaiting a decision, unless the Council has agreed with the ratepayer that payments are suspended.

15.5 Where an application is refused, further applications will not be considered within 12 months unless:

- the use of the property changes

- the objectives of the organisation changes, or
- there are other material changes that may affect the Council's decision

**16. Subsidy control**

16.1 Discretionary Business Rates relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving Subsidy that is above the current de minimus level. For further information please visit <https://www.gov.uk/government/collections/subsidy-control-regime>

**17. Financial implications**

17.1 The implications of awarding a Discretionary Rate Relief are that the cost to the Council is 40% of the award.

**18. Policy review**

18.1 The council will review this policy every 5 years or earlier if legislation changes.