



New Forest District Council

Revenues and Benefits Service Rate Relief Policy

Contents

1. Introduction
2. Policy Aims
3. Rural Rate Relief
4. Registered Charities
5. Registered Community Amateur Sports Clubs
6. Sports Clubs and Not For Profit Organisations
7. Small Business Rate Relief
8. Hardship Rate Relief
9. Partly unoccupied properties
10. Applications
11. Awards
12. Notification and appeals
13. Financial implications
14. Review

1. Introduction

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 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.

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

Public funds are not unlimited 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.

This policy aims to ensure consistent and transparent decision making.

The Council will treat all ratepayers equally, will consider all applications on their individual merits, and will seek through administering this policy to meet corporate objectives and support local businesses and organisations.

3. Rural Rate Relief

Mandatory Rate Relief

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. It also applies to the occupier of a pub or petrol station with a rateable value of £12,500 or less in a rural settlement if it is the only pub or petrol station in the settlement.

A rural settlement is defined as a rural area with a population of below 3,000 and the list is published on the Council's website.

Discretionary Rate Relief

The government had intended to legislate for 100% mandatory rate relief but instead opted to provide a fully funded Discretionary rate relief scheme for any ratepayer who meets the mandatory rate relief criteria. Therefore, 50% discretionary rate relief will be awarded in all cases where the occupier is entitled to the 50% mandatory rate relief.

In addition, 100% discretionary rate relief can also 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

All mandatory and discretionary rate relief awards will be reviewed every 5 years.

4. Registered Charities

Mandatory Rate Relief

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

All mandatory rate relief awards will be reviewed every 5 years

Discretionary Rate Relief

20% discretionary rate relief can be awarded where the ratepayer is entitled to the mandatory rate relief where the property is used to provide a service or benefit to the community, is open to all the community, is able to demonstrate financial hardship and is not a charity shop used for the sale of donated items.

Reviews

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 £1,500 or less
- (b) Every 3 years where the annual value of the discretionary rate relief award is between £1,500 and £4,000
- (c) Every 2 years where the annual value of the discretionary rate relief award is more than £4,000

5. Registered Community Amateur Sports Clubs

Mandatory Rate Relief

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

Discretionary Rate Relief

The council has decided not to make any discretionary awards.

Reviews

Any mandatory rate reliefs will be reviewed every 5 years.

6. Sports Clubs and Not For Profit Organisations

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.

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) Is 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.

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

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? Examples could be 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

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 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.

Reviews

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

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- (b) Every 3 years where the annual value of the discretionary rate relief award is between £1,500 and £4,000
- (c) Every 2 years where the annual value of the discretionary rate relief is more than £4,000

7. Small Business Rate Relief

Small business rate relief shall 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 properties have 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.

Where a demand notice is issued to a ratepayer and the property has a rateable value that potentially meets the above criteria an application form will be sent with the notice.

Reviews

All awards will be reviewed every 5 years

8. Hardship Rate Relief

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.

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 recover or manage a decline. 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.

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.

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

9. Partly unoccupied properties

Where part of a property is unoccupied for a short time the council has discretion to reduce the rates on a property by awarding up to 100% 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.

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

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. Applications

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.

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

11. Awards

Any award shall generally only apply to the year in which an application is made. Any reliefs awarded will be applied directly to the business rates account. Any overpaid relief will be recovered. Reliefs will cease 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

Requests for backdating an award will only be considered in exceptional circumstances and subject to the following legislative restrictions:

- (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

12. Notification and appeals

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

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.

Where the decision is not to make an award reasons will be provided in the notification

A decision will be made by the Revenues Manager. There are no formal rights of appeal. However, should the ratepayer disagree they can request a reconsideration to the Service Manager Revenues and Benefits within one month of the decision, clearly stating the reasons why they disagree with the decision. The ratepayer will be notified of the decision within one month of receipt of the reconsideration request.

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.

13. Financial implications

The implications of awarding a Discretionary Rate Relief are that the cost to the Council is 20% of the award.

14. Review

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