

National Non-Domestic Rates (Business Rates) Discretionary Rate Relief Policy



NATIONAL NON-DOMESTIC RATES (BUSINESS RATES) DISCRETIONARY RATE RELIEF POLICY

1. INTRODUCTION

The Council has had a number of policies relating to the granting of discretionary rate relief. These have been introduced over a number of years and in response to changing legislation and new initiatives. This policy is effective from 1 April 2015 and brings together these existing policies into one policy document and also includes some new ones required as a result of recent government guidance.

2. BACKGROUND

The Local Government Finance Act 1998 and the Local Government Finance and Rating Act 1997 make provision for the awarding of mandatory relief to certain organisations. This legislation, as amended by the Local Government Act 2003 and the Localism Act 2011, also gives the Council discretionary powers to award relief from payment of non-domestic rates in certain prescribed circumstances.

The Discretionary Rate Relief Policy sets out the Council's approach to, and guidelines for, the awarding of discretionary rate relief.

Reliefs that do not include a discretionary element are not included in this policy. These are empty rate relief and small business rates relief. The award of some reliefs will preclude a property from qualifying for other types of relief.

The policy has been approved by the Council's Executive Cabinet and will be reviewed every five years and in response to relevant changes in legislation or Department for Communities and Local Government guidance.

3. PURPOSE

The purpose of discretionary rate relief is to support certain types of businesses and organisations in order to support local communities and attract investment to the borough of Chorley.

The Policy details what category of relief may, in certain prescribed circumstances, be available to the particular types of organisation or business. The following table summarises these reliefs and types of businesses. Please see the attached appendices for specific eligibility criteria and other relevant information.

4. GENERAL PRINCIPLES

In deciding when to grant discretionary relief, the Council will consider the following:

- a. Decisions under the policy will be made in accordance with statutory requirements and Secretary of State guidance.
- b. Decisions will have regard to the interests of council tax payers and the Council's corporate priorities.
- c. Priority will be given where the services provided are of specific benefit to residents and the local community.

- d. Consideration will be given to whether the services provided replace, enhance or supplement current Council provision.
- e. The extent to which an award will support the Council's aspiration to promote and encourage economic growth, and in particular growth in the Non-Domestic Rating tax base and in employment opportunities for residents of the Borough.

5. APPLICATIONS

- a. An application form should be completed by the ratepayer or an organisation properly authorised to apply on the ratepayers behalf.
- b. Supporting evidence will be required as considered necessary to properly assess an application. There will be a requirement to set out the benefits that ratepayer considers the business provides to residents.
- c. The ratepayer has a responsibility to notify the council when circumstances change.
- d. Ratepayers must continue to pay amounts due whilst the application is being considered. Where payments are not received recovery action may continue.
- e. Awards for retrospective periods may not be made.
- f. In line with the Council's decision-making arrangements, the granting of applications of relief will be decided by the Council's Chief Financial Officer (Section 151 Officer) or the Executive Member and/or Executive Cabinet.
- g. There is no right of appeal although ratepayers may ask for the decision to be reconsidered if new, relevant information can be provided.

6. STATE AID

Rate relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the current De Minimis level. Each application must be accompanied by a statement signed by the appropriate person representing the business setting out the amount of state aid, including but not limited to discretionary rate relief, which the ratepayer has received within the previous three years.

TYPES OF DISCRETIONARY RATE RELIEF AVAILABLE

Relief or Discount Available	Reference	Type of Organisation or Business	Mandatory Amount	Discretionary Amount
Charitable Relief (LGFA 1988 Section 43,45,47 LGA 2003 Section 64)	A	A registered charity or trustees for a registered charity where the premises are used for charitable purposes	80%	None
		Registered Community Amateur Sports Clubs that have registered with the Inland Revenue	80%	None
		Non-profit making organisations that fit certain criteria	80%	None
		Village Halls, Leisure Centres and Community Centres managed by voluntary management committees	80% if qualify as above	Up to 100% of available discretionary element
Partly Occupied Relief (LGFA 1988 Section 44A)	B	Businesses partly occupying premises	None	Appropriate empty rules apply to RV of unoccupied part
Hardship Relief (LGFA 1988 Section 49)	C	Business experiencing extreme financial hardship	None	Dependent upon circumstances
Rural Rate Relief (LGFRA 1997 Schedule 1)	D	Certain defined businesses in defined rural areas	50%	Up to 50%
General Local Discretionary Rate Relief Localism Act 2011 (Section 47 of the LGFA as amended)	E	Any business given due consideration to the interests of local council tax payers and where the award would be in line with Council's corporate priorities and would attract firms, investment and jobs	None	Up to 100%
Re-occupation Relief Localism Act 2011 (Section 47 of the LGFA as amended)	F	Businesses moving into retail premises that have previously been empty for 12 months	None	50%
New Build Empty Property Relief Localism Act 2011 (Section 47 of the LGFA as amended)	G	Newly built commercial property depending upon completion date	None	100%
Transitional Relief Localism Act 2011 (Section 47 of the LGFA as amended)	H	Properties with an RV of £50,000 or less on 1 April 2010 which would have continued to qualify for transitional relief on 1st April 2015	None	A cap on increase after multiplier applied of 15% (RV less than £18,000) or 25% (RV up to and including £50,000)

<p>Local Discretionary Business Rate Relief Scheme (Revaluation) Localism Act 2011 (Section 47 of the LGFA as amended)</p>	I	<p>Certain defined businesses facing the steepest increases in their business rate bills as a result of the 2017 revaluation.</p>	None	<p>Up to 25% relief of the net charge from 1 April 2017 to 31 March 2021</p>
<p>Business Rate Relief Scheme for Pubs Localism Act 2011 (Section 47 of the LGFA as amended)</p> <p>Supporting Small Businesses Relief Scheme Localism Act 2011 (Section 47 of the LGFA as amended)</p>	J	<p>Public houses that have a rateable value of less than £100,000.</p>	None	<p>Up to £1000.00 from 1 April 2017 to 31 March 2019</p>
	K	<p>Businesses that as a result of the change in their rateable value at the 2017 revaluation are losing some or all of their Small Business or Rural Rate Relief and as a direct result are facing large increases in their bills.</p>	None	<p>In the first year of the scheme (2017-18) a cap on increase of the 2016-17 chargeable amount of £600.00. The cash minimum increase is £600 per year thereafter up to and including the financial year 2021-2022.</p>

Reference	A
Type	Charitable and Non-Profit Rate Relief
Overview	Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme to award business rates relief of up to 100% to certain organisations which operate within specific criteria. This discretionary relief may be awarded in addition to the 80% Mandatory relief.
Eligibility	<p>Mandatory Charitable Relief - Must be awarded in the following circumstances:</p> <ol style="list-style-type: none"> 1. A registered charity or trustees for a registered charity occupy the property and 2. The property is used wholly, or mainly, for charitable purposes 3. Sports clubs that apply for Community Amateur Sports Club status with HMRC <p>Discretionary Charitable Relief - The Council will only grant relief where there is sufficient evidence of the following:</p> <ol style="list-style-type: none"> 1. Village halls, leisure centres and community centres that are managed by voluntary management committees. 2. The benefit to the wider community in which the properties are located and financial need. 3. When assessing the benefit to the wider the community, consideration will be given to whether the hall or centre is open to the whole community and is available without discrimination.
Applications	<p>Applicants must provide</p> <ol style="list-style-type: none"> 1. a completed application form to demonstrate how the application satisfies the eligibility criteria 2. any information required that is specific to the type of relief being applied for 3. evidence of financial need 4. any other information that the Council may consider necessary in order to assess the application
Duration	Mandatory Charitable Relief is ongoing. Discretionary Charitable Relief is reviewed annually on 1 April each year.

Reference	B
Type	Partly occupied property relief (Applications under Section 44a)
Overview	The Council has discretion under section 44a of the Local Government Finance Act 1988 to award 100% rate relief for a defined period where part of a property is unoccupied for a temporary period. The amount of rate relief that is awarded is determined by statute and is calculated according to the type of property and the rateable value given to the unoccupied area by the Valuation Office Agency.
Eligibility	<p>Relief may be awarded where:</p> <ol style="list-style-type: none"> 1. Unoccupied parts of a property can be clearly defined and are reasonably segregated from the occupied part of the property. 2. The ratepayer is moving in to the whole premises gradually, over a period of time or, 3. Is moving out of the whole premises gradually, over a period of time or, 4. Is occupying the property temporarily, for example, because the usual premises are being rebuilt or refurbished, because of fire damage or similar. 5. The partial occupation is for a period of up to 12 months. 6. If it is likely to last longer than this, the VOA may be able to value the unoccupied area separately <p>Relief may not be awarded where:</p> <ol style="list-style-type: none"> 1. It appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purposes of applying for rate relief 2. The application is made after the premises have become fully occupied/unoccupied 3. The partial occupation of the property may be considered to arise due to the ordinary day to day nature of the business (for example the operation of a warehouse)
Applications	<p>Applicants must provide:</p> <ol style="list-style-type: none"> 1. A completed application form to demonstrate how the application satisfies the eligibility criteria 2. Any information required that is specific to the type of relief being applied for 3. Evidence of financial need 4. Any other information that the Council may consider necessary in order to assess the application
Duration	<p>Relief may be awarded for a period of up to 3 months or up to 6 months for industrial properties.</p> <p>Relief will end when there is a change in the partial occupation or at the end of the financial year/rating period, if there is a change in the rateable value (through revaluation or an appeal), if the ratepayer ceases to be liable to pay non-domestic rates in respect of the property or where all or part of the unoccupied area has remained unoccupied for one year.</p>

Reference	C
Type	Hardship relief (Applications under Section 49)
Overview	The purpose of the hardship policy is to support local businesses in the community. The Council may provide short-term assistance to businesses that are suffering unexpected hardship, arising from circumstances beyond the business's control and outside of the normal risks associated with running a business of that type. The amount of rates that will be remitted will depend on the circumstances of each case.
Eligibility	<p>There is no specific definition of hardship although the Council will consider:</p> <ol style="list-style-type: none"> 1. Each application on its own merits 2. Relief granted should be the exception rather than the rule 3. The test of hardship need not be confined to 'financial' hardship, all relevant factors affecting the ability of a business to meet its liability for rates should be taken into account 4. The interests of the council tax payers go wider than direct financial interests and may include such things as employment prospects and local amenities 5. Where the granting of relief would have an adverse effect on the financial interests of local tax payers, the case for reduction of rates may still outweigh the cost to local tax payers 6. The Council's corporate policies 7. The contribution of the business to the local area 8. The size of the business: the Council would normally give preference to small businesses although relief is available in principle to all businesses Applications for hardship rate relief shall be regarded as a last resort and will only be considered after consideration of any other forms of rate relief to which the applicant may be eligible. <p>Relief will be granted where:</p> <ol style="list-style-type: none"> 1. It is considered that the ratepayer would sustain hardship by paying the whole bill 2. It is reasonable to grant relief having due regard to the interests of council tax payers <p>Relief will not be granted:</p> <ol style="list-style-type: none"> 1. To enable a new business to become established 2. Where a profit has been made or the loss is minor in comparison to the overall turnover
Applications	<p>Applicants must provide:</p> <ol style="list-style-type: none"> 1. A completed application form to demonstrate how the application satisfies the eligibility criteria 2. Any information required that is specific to the type of relief being applied for 3. Evidence of financial need 4. Any other information that the Council may consider necessary in order to assess the application
Duration	Hardship relief will normally be awarded for a short, fixed period depending on the nature and likely duration of the hardship. All awards shall cease at the end of the financial year if not ceased at an earlier date.

Reference	D
Type	Rural Rate Relief
Overview	The purpose of rural rate relief is to support local communities. The Council must grant mandatory relief in specific circumstances and also has discretionary powers to grant additional relief.
Eligibility	<p>The Council will grant mandatory relief of 50% to certain types of rural properties in a designated rural settlement.</p> <p>Mandatory relief of 50% of the full charge must be granted where:</p> <ol style="list-style-type: none"> 1. The property is in a designated rural settlement area, (defined as such if it appears to have had a population of 3,000 or less on 31st December each year) 2. The property is the only general store, the only post office or a food shop and has a rateable value of less than £8,500. 3. The property is be the only public house or the only petrol station and has a rateable value of less than £12,500. 4. The property is be occupied.
Applications	<p>From 1 April 2017 in addition to mandatory relief the Council may award additional discretionary relief of up to 50%.</p> <p>Applicants must provide:</p> <ol style="list-style-type: none"> 1. A completed application form to demonstrate how the application satisfies the eligibility criteria 2. Any information required that is specific to the type of relief being applied for 3. Evidence of financial need 4. Any other information that the Council may consider necessary in order to assess the application
Duration	Mandatory relief is ongoing.

Reference	E
Type	<p>General Local Discretionary Rate Relief (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)</p>
Overview	<p>Section 69 of the Localism Act 2011 amends the 1988 Act to allow local authorities the discretion to grant discretionary local discounts to all types of businesses in order to help attract firms, investment and jobs to the area. There is cost to the Council in awarding this relief and the Council may decide that the immediate cost of the discount is outweighed by the long-term benefit of attracting growth and jobs to the area.</p>
Eligibility	<p>Local Discretionary Rate Relief Up to 100% discretionary relief may be awarded for up to one year to any qualifying business. Applications under this section will only be considered after consideration of any other forms of rate relief to which the applicant may be eligible. Awards will only be made in exceptional circumstances.</p> <p>The Council will consider:</p> <ol style="list-style-type: none"> 1. Each application on its own merits 2. The level of discount being requested 3. The reason for the request 4. the interests of the ratepayers and the cost to the Council 5. The value of any previous rewards and previous benefits to council tax payers 6. Overall profitability of the business 7. Consideration will be given as to the number of properties occupied by the applicant 8. Consideration will be given to Government guidance and advice regarding the Council's discretionary powers under the Localism Act <p>Relief will be granted where:</p> <ol style="list-style-type: none"> 1. The award of a discount will have a substantive, positive benefit for residents and the community 2. The award of a discount will contribute to the achievement of the council's corporate priorities 3. There are benefits to council tax payers 4. The award will directly result in attracting business, investment or jobs 5. The award will help to retain existing business which make a positive contribution to the community 6. Steps have been taken to meet or mitigate the business rates liability <p>Relief will not be granted where there are other sources of funding available.</p>
Applications	<p>Applicants must provide:</p> <ol style="list-style-type: none"> 1. A completed application form to demonstrate how the application satisfies the eligibility criteria 2. Any information required that is specific to the type of relief being applied for 3. Evidence of financial need 4. Any other information that the Council may consider necessary in order to assess the application
Duration	<p>Relief may be awarded for up to one financial year.</p>

Reference	F
Type	Re-Occupation Relief (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)
Overview	<p>Under the Localism Act 2011, up to 50% discretionary relief may be awarded to certain reoccupied empty properties. The purpose of re-occupation relief is to encourage occupation of shops to help build a thriving town centre.</p> <p>Relief is calculated on the business rates liability after any mandatory or other discretionary reliefs (other than retail relief) have been applied.</p>
Eligibility	<p>Relief can be granted in the following circumstances:</p> <ol style="list-style-type: none"> 1. When the property was previously in use it was wholly or mainly used for retail 2. The property has been empty for 12 months or more before reoccupation 3. The property has been re-occupied between 1 April 2014 and 31 March 2016 4. The property is used for any use
Applications	<p>Applicants must provide:</p> <ol style="list-style-type: none"> 1. A completed application form to demonstrate how the application satisfies the eligibility criteria 2. Any information required that is specific to the type of relief being applied for 3. Evidence of financial need 4. Any other information that the Council may consider necessary in order to assess the application
Duration	<p>Relief applies for up to 18 months as long as the property is continuously occupied. This is a temporary relief and eligibility ends on 30 September 2017.</p>

Reference	G
Type	New Build Empty Property Relief (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)
Overview	Under the Localism Act 2011, up to 100% discretionary relief may be awarded to certain new build empty commercial properties. The purpose of new build empty property relief is to help to stimulate construction.
Eligibility	Relief will be granted in the following circumstances: <ul style="list-style-type: none"> 1. A newly built commercial property completed between 1 October 2013 and 30 September 2016
Applications	Applicants must provide: <ul style="list-style-type: none"> 1. A completed application form to demonstrate how the application satisfies the eligibility criteria 2. Any information required that is specific to the type of relief being applied for 3. Evidence of financial need 4. Any other information that the Council may consider necessary in order to assess the application
Duration	Relief may be awarded for up to 18 months from the completion date. This is a temporary relief and eligibility ends on 31 March 2018.

Reference	H
Type	Transitional Relief (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)
Overview	Under the Localism Act 2011, the current transitional relief scheme will be extended to cap the rates increases for small and medium properties falling out of transition 2015-2016. Small properties (with an RV of less than £18,000) will have a cap on increase of 15% and medium properties (with an RV of up to and including £50,000) will have a cap of 25% on increases. These caps apply before the increase in the business rates multiplier. Relief is calculated on the business rates liability after other reliefs (including other Localism Act reliefs such as retail relief) have been applied
Eligibility	Relief will be granted in the following circumstances: <ol style="list-style-type: none"> 1. A property with a RV of £50,000 or less on 1st April 2010 and 2. The property would have qualified for transitional relief to a higher bill had the transitional relief scheme in place on 31 March 2015 remained in place
Applications	There is no requirement to apply. Relief will be applied for qualifying properties.
Duration	Relief may be awarded for up to 2 years from 1 April 2015 This is a temporary relief and eligibility ends on 31 March 2017.

Reference	I
Type	Local Discretionary Business Rate Relief Scheme (Revaluation) (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)
Overview	The purpose of Local Discretionary Business Rate Relief Scheme (Revaluation) is to support businesses facing the steepest increases in their business rate bills as a result of the 2017 revaluation.
Eligibility	<p>This is in addition to the support already provided through transitional arrangements following the revaluation and Spring Budget 2017 announcements.</p> <p>Eligibility to relief under this section will only be considered after determination of any other forms of rate relief to which the applicant may be eligible.</p> <p>Relief may be granted where:</p> <ol style="list-style-type: none"> 1. The property has a rateable value of less than £200,000 2. The increase in the rateable property's 2017-18 net business rates bill (after any reliefs) is more than 12.5% compared to its 2016-17 bill 3. The property is both occupied and trading 4. The ratepayer is not a national company or part of a chain 5. The award of this relief complies with EU law on State Aid (less than €200k awarded over 3 years)
Applications	This relief will automatically be awarded to eligible ratepayers. However, the council will issue a State Aid declaration and this must be signed by the ratepayer and returned to Chorley Council within 14 days of receipt to avoid cancellation of the relief.
Duration	<p>Relief may be awarded from 1 April 2017 up to 31 March 2021.</p> <p>The % of relief to be awarded will be reviewed annually.</p>

Reference	J
Type	<p>Business Rate Relief Scheme for Pubs (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)</p>
Overview	<p>The purpose of the Business Rate Relief Scheme for Pubs is to support public houses with a rateable value of less than £100,000.</p> <p>For the purpose of this relief the definition of a public house excludes:</p> <ol style="list-style-type: none"> 1. Restaurants 2. Cafes 3. Nightclubs 4. Hotels 5. Snack bars 6. Guesthouses 7. Boarding houses 8. Sporting venues 9. Music venues 10. Festival sites 11. Theatres 12. Museums 13. Exhibition halls 14. Cinemas 15. Concert halls 16. Casinos
Eligibility	<p>Eligibility to relief under this section will only be considered after determination of any other forms of rate relief to which the applicant may be eligible.</p> <p>Relief may be granted where the property:</p> <ol style="list-style-type: none"> 1. Has a rateable value of less than £100,000 2. Is open to the general public and trading 3. Allows free entry, other than when occasional entertainment is provided 4. Allows drinking without requiring food to be consumed 5. Permits drinks to be purchased at a bar 6. The award of relief complies with EU law on State Aid (less than €200k awarded over 3 years)
Applications	<p>This relief will automatically be awarded to eligible ratepayers. However, the council will issue a state aid declaration and this must be signed by the ratepayer and returned to Chorley Council within 14 days of receipt to avoid cancellation of the relief.</p>
Duration	<p>Relief may be awarded from 1 April 2017 until 31 March 2019.</p>

Reference	K
Type	<p>Supporting Small Businesses Relief Scheme (Section 47 of the Local Government Finance Act 1998 as amended by Section 69 of the Localism Act 2011)</p>
Overview	<p>The purpose of the Supporting Small Businesses Relief Scheme is to support small businesses that as a result of the change in their rateable value at the 2017 revaluation are losing some or all of their Small Business or Rural Rate Relief and as a direct result are facing large increases in their bills.</p> <p>To support these ratepayers this relief will ensure that the increase per year in their bills is limited to the greater of:</p> <ul style="list-style-type: none"> a. A percentage increase per annum of 5%, 7.5%, 10%, 15% and 15% from 2017/18 to 2021/22 (all plus inflation). Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief or b. A cash value of £600 per year (£50 per month)
Eligibility	<p>Eligibility to relief under this section will only be considered after determination of any other forms of rate relief to which the applicant may be eligible.</p> <p>Relief may be granted where:</p> <ol style="list-style-type: none"> 1. There is an increase of the 2016-17 chargeable amount of £600.00 or more 2. The property is both occupied and trading 3. The award of relief complies with EU law on State Aid (less than €200k awarded over 3 years) <p>Ratepayers who are eligible for Supporting Small Businesses Relief and whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund Small Business Rate Relief while they are eligible for the Supporting Small Businesses Relief.</p>
Applications	<p>This relief will automatically be awarded to eligible ratepayers. However, the council will issue a state aid declaration and this must be signed by the ratepayer and returned to Chorley Council within 14 days of receipt to avoid cancellation of the relief</p>
Duration	<p>Relief may be awarded from 1 April 2017 until 31 March 2022.</p> <p>Ratepayers will remain in the Supporting Small Businesses Relief scheme for either 5 years or until they reach the bill they would have paid without the scheme.</p> <p>A change of ratepayer will not affect eligibility for the Supporting Small Businesses Relief Scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.</p>