



**districtnk**  
100 flourishing communities  
**North Kesteven District Council**

# **North Kesteven District Council**

## **Discretionary Rate Relief Policy**

# Contents

	<b>Page</b>
Introduction & Background.....	3
Policy Statement.....	4 – 11
Who is affected by the Policy? .....	11
Implementation.....	12

# Introduction & Background

This policy sets out the Council's intentions for dealing with discretionary rate relief applications (including hardship relief requests) from Charities, Community Amateur Sports Clubs (CASCs), Non-Profit Making Organisations (NPMOs), Rural Businesses (village shops, post offices, food stores, petrol filling stations, public houses and other small businesses), and other businesses situated within North Kesteven.

***Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988. These provisions all authorities to grant discretionary relief in any circumstances where it feels fit having regards to the effect on the Council Tax payers of its area.***

***The provisions are designed to give authorities flexibility in granting relief where it is felt that to do so would be of benefit generally to the area and be reasonable given the financial effect to Council Tax payers.***

The policy has regard to the use to which business premises are put and, in particular, the contributions that businesses seeking rate relief make to their local communities. It also has regard to the financial cost to the council taxpayers of the district. The policy will be applied consistently and in accordance with the Council's ***vision and priority to promote the economic and employment growth of North Kesteven.***

***In order to promote economic growth and create jobs in line with government policy, the Council also now has the flexibility to develop "Local Discounts" to encourage and stimulate economic growth. Rate relief or discounting can be used by the council to un-lock private sector investment in North Kesteven. The Council recognises that business rates are a significant cost to business and discounting is therefore a tool the Council can employ pro-actively and where appropriate in order to stimulate sustainable investment in land, capital equipment or premises. The net result of these interventions will be a positive impact in terms of creating and safeguarding jobs as well as securing medium term revenue increases in Business Rates for the council by developing additional employment floor space that might never come to market.***

The principles of this policy are supported in law by the Local Government Finance Act 1988 (as amended) and regulations made under that Act.

## Policy Statement

### Scope

The policy applies to any business ratepayer within the discretionary rate relief qualifying groups and criteria set out in legislation, guidance issued by the Department for Communities and Local Government (DCLG) and this document. Some of them will also receive mandatory rate relief.

***Discretionary relief for Local Discounts may also be offered to a 'growth business' that can demonstrate to the satisfaction of the Council that the sum of the discount granted will facilitate or enable a reciprocal investment by that business in a sustainable growth project that will create or safeguard jobs or result in the development or occupation of additional employment floor space.***

### **Application requirements and decision making process**

Business rate payments remain legally due and payable in accordance with the most recent bill until such time as any rate relief is awarded.

***Applications for a Local Discount to the Council will be judged on individual merit and on a case-by-case basis. Applicants will need to clearly demonstrate how the relief granted will facilitate business growth. As relief will be time limited, the applicant will also need to demonstrate how at the end of the awarded period of relief the business will fund the additional rates then due. A detailed financial and business plan must be provided in all cases. The council reserves the right to refuse relief to any applicant.***

***Each application will be considered on its individual merits against the overall aim set out above. The scheme is discretionary and the applicant does not have a statutory right to payment.***

***To be considered for an award under this policy the applicant must be either:***

- A new business starting up in the area***
- A business relocating to the area***
- An existing business expansion within the area***

Discretionary rate relief will usually be awarded by means of a reduction shown on the business rate bill issued to the ratepayer. Where this puts the account in credit for the year, a refund will be made. Written applications will be required for each case and these will need to be renewed bi-annually if relief is to continue into the financial year following the review. The Council will ensure that application forms for discretionary rate relief (except hardship relief) are made available to ratepayers on request.

Hardship relief applications should be made in writing by the ratepayer and should include all relevant information and evidence to support the case for relief to be given on the grounds of hardship. Hardship is not defined in rating law. Therefore, ratepayers will be expected to clearly explain why they believe they would suffer hardship if the Council failed to use its discretionary power to reduce their rate bills. They will also need to show why it would be reasonable for the Council to do so having regard to the

interests of the people who pay council tax in North Kesteven and that the business can demonstrate its future viability.

With the exception of hardship relief, businesses receiving rate relief will be sent a renewal application form before the start of each financial year in which their relief expires. Advice and guidance notes will be included with these renewal forms. When completed forms are returned, they will be checked to ensure that an entitlement still exists and, if so, the relief will be awarded for a further two years. Where an application is not returned, relief will not be awarded and the organisation will be sent a rate bill for the full charge.

New ratepayers occupying a property part way through a financial year should apply at the time they move in. Wherever possible, applications for discretionary rate relief should be made within the financial year for which the relief is being sought. Accepting applications made after this time will be at the discretion of the Council and in any event applications have to be determined by law within six months of the end of the financial year for which relief is being sought.

Application forms will set out the evidence requirements that need to be met for a decision to be made. Failure to provide evidence will delay the decision making process. Where evidence is not forthcoming within a reasonable timescale, rate relief is likely to be refused. If the applicant is a Non-Profit Making Organisation (NPMO), the two most recent sets of annual accounts will need to be provided. Accounts will need to have been either audited, approved by a general meeting of the organisation (minutes of the meeting will be required) or independently verified and signed by two officers of the organisation (one of whom will be the person who has prepared them).

### ***Charitable Bodies (Charities)***

*A mandatory rate relief of 80% is granted to charities in the following circumstances. Where the:*

- ratepayer of a property is a charity or the trustees of a charity; and*
- property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purpose of the charity).*

*Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which, under the 1993 Act, are excepted from registration or are exempt charities are also eligible for mandatory relief. Providing the above criteria are met, 80% mandatory rate relief is granted.*

*In cases where a charity is in receipt of mandatory rate relief of 80%, the Council has discretion to grant up to 20% additional rate relief – DRR top up. The Council will consider applications for a discretionary rate relief top up from charities based on their own merits, on a case by case basis.*

*However the principal consideration is that the relief is in the best interests of the residents and taxpayers of Oldham and produces a local benefit as the Council must contribute to the cost of each award. As such, top up will be awarded to only the following type of registered charities:*

- *Scouts, guides, cadets and other clubs/associations for young people;*
- *Community schemes encompassing organisations providing support for those over the age of retirement, community transport, those based on volunteering and residents associations;*
- *Organisations providing support in the form of advice, training for employment, counselling;*
- *Organisations that provide services that address the consequences of ill health and disability;*
- *Charitable sporting clubs (also see CASCs);*
- *Locally based leisure and cultural organisations;*
- *Armed forces veterans associations*
- *Locally based charities;*
- *Charity shops (operated by either locally based or national charities).*

### ***Registered Community Amateur Sports Clubs***

*A mandatory rate relief of 80% is granted to registered community amateur sports Clubs (CASC). To qualify as a CASC, a sports club must fulfil all of the following criteria. It must be*

- *Open to the whole community;*
- *Run as an amateur club;*
- *A non-profit making organisation; and*
- *Aiming to provide facilities for, and encourage people to take part in, eligible sport.*

*In cases where a CASC is in receipt of mandatory rate relief of 80%, the Council has discretion to grant up to 20% additional rate relief as a discretionary top up.*

*4.3 The Council will consider applications for a discretionary rate relief top up from CASCs based on their own merits on a case by case basis. The principal consideration is that any relief is in best interests of the residents and taxpayers of Oldham and produces a local benefit as the Council must bear a percentage of the cost of any relief granted. However in determining the application the following matters will be taken in to consideration:*

- *How the CASC supports and links into the Council's corporate vision and priorities;*

- *A club should have an open access policy. If a club effectively discriminates by only accepting members who have reached a particular standard, rather than seeking to promote the attainment of excellence by enhancing access and the development of sporting aptitude, then it does not fulfil the requirements;*
- *Although clubs should be open to all without discrimination, single sex clubs may be permitted where such restrictions are not discriminatory in intent but a genuine result of physical restraints (such as changing room facilities) or the requirements of the sport. In such cases, the organisation will be required to provide proof of such limiting factors.*

*It should be noted that sports clubs and other organisations which run a bar are unlikely to be awarded relief if their main purpose is the sale of food or drink. However, if the sale of food or drink by the organisation aids the overall operation and development of the organisation in achieving its objectives, this would be permissible as long as the principal objectives of the organisation meet the eligibility criteria detailed above. If the bar makes a profit, this profit must be reinvested to support the organisation in achieving its principal objectives. Financial information will be required to evidence any profit and its use.*

### **Non Profit Making Organisations**

*The Council has the power to grant discretionary rate relief of up to 100% for the rates due to other non-profit making organisations. The main objectives of the organisation must be related to:*

- *Relief of poverty;*
- *Advancement of religion;*
- *Advancement of education;*
- *Social Welfare;*
- *Science;*
- *Literature;*
- *Fine arts; or*
- *Recreation*

*Or be otherwise beneficial to the community*

*An organisation must be able to demonstrate how it:*

- *meets local needs and benefit local people; and*
- *provides a valuable service to the community; and*
- *is open to all sections of the community*
- *operates in such a way that it does not discriminate against any section of the community; and*
- *is not conducted or established for the primary purpose of accruing profit.*

*The Council will consider applications for a DRR top up from non-profit making organisations based on their own merits, on a case by case basis. However the principal consideration is that the relief is in the best interests of the residents and taxpayers of Oldham and produces a local benefit as the Council must contribute to the cost of each award. As such, top up will only be awarded to only the following type of non-profit making organisations:*

- Scouts, guides, cadets and other clubs/associations for young people;*
- Community schemes encompassing organisations providing support for those over the age of retirement, community transport, those based on volunteering and residents associations;*
- Organisations providing support in the form of advice, training for employment or counselling;*
- Organisations that provide services that address the consequences of ill health and disability;*
- Locally based leisure and cultural organisations*
- Armed forces veterans associations*

### ***Membership and Entry Fees***

*If the organisation applying for DRR requires membership or an entry fee, the Council will consider whether:*

- membership must be open to everyone, regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, creed, disability, age, religious affiliation or political belief,*
- The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community;*
- Fee reductions are offered for certain groups such as, for example, under 18s or over 60s;*
- Membership is encouraged from groups who face social barriers, such as, for example, young people not in employment, education or training; people above working age; or people with disabilities;*
- Facilities are made available to people other than members.*

*Where the applicant organisation requires membership, at least 50% of the members should reside within the boundaries of the Borough of Oldham (proof of this will be required).*

### ***Discretionary Rural Rate Relief***



*Discretionary Rural Rate Relief is open to any type of business within a classified rural settlement that satisfies the following criteria:*

- It is within the boundaries of a qualifying rural settlement;*
- It has a rateable value of less than £16,500;*
- It is a qualifying food shop, general store, Post Office, sole public house or sole petrol station already in receipt of mandatory relief of 50%*
- The property is used for purposes which are of benefit to the local community;*
- It is reasonable for the Council to grant relief, with regard to the interests of residents and Council Tax payers*

*As a guide, to be eligible for Discretionary Rural Rate Relief, an organisation must not have enough financial resources available in unrestricted funds (i.e. resources which are not being held for specific purposes) to continue to operate for more than 12 months, nor should it have sufficient financial resources in unrestricted reserves to continue to operate for more than 12 months, unless a business plan exists detailing how these additional reserves are to be used to benefit the local community.*

#### ***Discretionary Rate Relief – Localism Act – Local Discount***

*Any ratepayer applying for a Local Discount who does not meet the criteria for existing relief (charities, non profit making organisations or rural premises) must meet all of the following criteria and the amount of relief granted will be dependant on the following key factors:*

- a. The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief) or relief as a non profit making organisation or as a sports club or similar;*
- b. The ratepayer must occupy the premises (no discretionary rate relief will be granted for unoccupied premises);*
- c. The premises and organisation must be of significant benefit to residents of the District;*
- d. The ratepayer must either;*
  - Create or safeguard jobs in the district; or*
  - Provide new employment floorspace; or*
  - Represent investment in a growth market (key market sectors for the District are set out in the Council's Economic Prospectus);*
- e. The ratepayer must demonstrate that assistance (provided by the discretionary rate relief) will be for a short time only and that any business / operation is financially viable in the medium and long term; and*

*Where a ratepayer can demonstrate that all of the above criteria are met, relief will be considered for a period of up to three years.*

*The Council will undertake an assessment of overall risk and is unlikely to make an award to a business with a poor payment history.*

*A formal application from the ratepayer will be required in each case and any relief will be granted in line with State Aid requirements.*

*A Local Discount will not be awarded until the business has all the required permissions, licences, and other provisions in place and has begun lawfully trading with a minimum lease period of 3 years and a statement of intention to operate the business in the District for five years or more.*

### ***Right to Appeal***

*There is no statutory right to appeal against a decision under Section 47, other than Judicial Review. An applicant may make a request for the decision maker to review a decision but only where either;*

- 1. Additional information that is relevant to the application and that was not available at the time the decision was made becomes available, or*
- 2. There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken*

*A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.*

### ***Clawback Provision***

*The Council shall be under no obligation to pay the Local Discount if any of the Clawback Events and Termination Events listed in Appendix A occurs.*

*The Council may at the Council's absolute discretion if (in the Council's opinion) any of the Clawback Events or Termination Events listed in Appendix A occurs:*

- a. Suspend the payment of the Local Discount under this Policy for such period as the Council shall determine;*
- b. Vary the Local Discount payable under this Policy, in which case the payment of funding shall thereafter be made in accordance with the written variation notified to the Applicant;*
- c. terminate any agreement to pay the Local Discount under this Policy whereupon the Council shall cease to be under any obligation to provide any further Local Discount to the Applicant and (in addition) the Council may require the Applicant to repay the whole or any part of the Local Discount previously paid to the Applicant and the Applicant agrees that upon receipt of written notice requiring repayment the Applicant shall repay the sums required within 30 days of receipt of such notice.*

*Notwithstanding the provisions of Clauses a. and b above, in the event that an applicant relocates the business for which the Local Discount is payable to a location outside of the Borough, within a period of five years from the date of the decision to award the Local Discount, the Council shall be entitled to recover some or all of the Local Discount on the following basis:*

- a. *The relocation occurs before 3 calendar years have expired beginning with the date of the decision, 100% of the Local Discount shall be recoverable, at the Council's discretion;*
- b. *The relocation occurs after 3 years and before 4 calendar years have expired beginning with the date of the decision, a maximum of 50% of the Local Discount shall be recoverable, at the Council's discretion;*
- c. *The relocation occurs after 4 years and before 5 calendar years have expired beginning with the date of the decision, a maximum of 25% of the Local Discount shall be recoverable, at the Council's discretion.*

## **Promoting and communicating the policy**

Advice and information will be issued to all business ratepayers with their bills. It will also be available on the Council's website and from staff who may be dealing with enquiries from ratepayers. Renewal application forms will be sent bi-annually to every business ratepayer receiving relief at the time. In addition, wherever possible, we will identify any new ratepayer who may qualify under the policy and provide them with information and guidance at the earliest opportunity.

***In order for a growth business to qualify for a Local Discount they must be invited to apply by an economic development officer. The economic development officer is responsible for carrying out an initial audit of suitability before any formal invitation to apply for relief is issued to the business.***

**Detailed provisions** the policy provides for relief to be awarded at different levels for different categories of qualifying business ratepayer. These are shown in Appendix A.

## **Who is affected by the Policy?**

- Business ratepayers
- Members, customers and staff of organisations and businesses eligible for rate relief
- The Council Tax payers of the district who meet part of the cost

## **Implementation**

**Who is responsible?**

The Revenues Unit within **Revenues & Benefits Shared Service** will administer the policy. **A Growth Board consisting of representatives from Revenues and Benefits, Finance and Economic Development, will make** recommendations and decisions on rate relief applications

## **Complaints**

Any ratepayers who believe their cases have not been correctly dealt with can use the Council's Customer Complaints procedure to further their complaints.

## **APPENDIX A – the range of rate relief awards for different categories of ratepayer.**

<b>Category of Ratepayer</b>	<b>Mandatory Rate Relief</b>	<b>Discretionary Rate Relief</b>	<b>Cost met by Council Tax</b>
------------------------------	----------------------------------	--------------------------------------	------------------------------------

(All columns indicate % of full rate charge)

Charity shops selling donated and <b>new</b> goods	80%	Nil	Nil
Certain voluntary and foundation schools	80%	Nil	Nil
Charities where members have regular access to licensed bar facilities or other major income (see policy)	80%	Nil	Nil
Any charities not covered in the categories above	80%	20%	15%
Registered Community Amateur Sports Clubs (CASCs) where members have regular access to licensed bar facilities (see policy)	80%	Nil	Nil
Registered CASCs with no bar on site	80%	20%	15%
Non-profit making organisations (NPMOs) where members have regular access to licensed bar facilities (see policy)	Nil	20%	5.0%
Any other NPMOs	Nil	100%	25.0
The only village store and the only village post office in the rural settlement where the RV is £7,000 or less	50%	50%	12.5%
The only village public house and the only village petrol filling station in the rural settlement where the RV is £12,000 or less	50%	Nil	Nil
The only village pubic house and the only village petrol station in the rural settlement where the RV is £12,000 or less and is providing other facilities not already provides in the settlement (e.g.food stores or post offices)	50%	Relief amount not specified in policy cases considered individually on merit	
The only food stores with RV's of £7,000 or less in rural settlement	50%	50%	12.5%
Any businesses with RVs of £14,000 or less in rural settlements which are of benefit to the local community	Nil	Relief amount not specified in policy cases considered individually on merit	
Any ratepayers that would like to make a case for hardship.	Nil	Relief amount not specified in policy cases considered individually on merit	
<b>Growth Businesses</b>	<b>Nil</b>	<b>Relief amount not specified in policy cases considered individually on merit via application to NKDC Growth Board.</b>	

