

Appendix 1 New Draft Rate Relief Policy



Chester-le-Street District Council

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Rate Relief Policy

Policy Statement

Chester-le-Street District Council is committed to correctly administering the award of Rate Relief to businesses within the District. The aim of this policy is to act as a guide to all staff involved in the administration of business rates, by doing this the Council will: -

- 1 Maximise entitlement to relief
- 2 Balance the cost of awarding relief with the cost to the Council Tax payers of Chester-le-Street
- 3 Deter fraud and error
- 4 Demonstrate the Council's commitment to accuracy and provision of a high quality service to its customers

Introduction

Under non-domestic rates legislation there is several types of rate relief that the Local Authority can award to businesses or organisations. These include:

Mandatory Rate Relief
Discretionary Rate Relief
Small Business Rates Relief
Rural Rate Relief
Hardship Rate Relief

Chester-le-Street District Council is committed to ensuring that these reliefs are maximised and that businesses and organisation benefit from the financial assistance available. Each application for rate relief where discretion is allowed will be considered on its own merits in a timely manner, without applying a blanket policy.

Legal Framework

The Local Government Finance Act 1988 gives Local Authorities the right to award rate relief:

- Sections 43 and 45 of the Act provide the detailed instruction relating to mandatory rate relief.
- Section 47 of the Act provides the detailed instruction relating to discretionary

rate relief.

- Section 49 of the Act provides the detailed instruction relating to hardship rate relief.

The Local Government Finance Act 1997 amends the 1998 Act to provide the detailed instruction relating to mandatory and discretionary rural rate relief.

The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004 provides detailed instruction relating to small business rate relief.

Decision Making

Decisions are made by Local Taxation Team in accordance with the relevant legislation and guidance provided by the government.

The following criteria are guidance for members of staff that should be used as a framework for determining reliefs. This policy is also accompanied by a comprehensive procedure.

Mandatory Rate Relief

Under Sections 43 and 45 of the Local Government Finance Act 1988, the Local Authority has the power to grant mandatory rate relief.

Mandatory rate relief of 80% will be awarded to a registered charity or a trustee for a charity, where the property they occupy is wholly or mainly used for charitable purposes and it can also be awarded to registered community amateur sports clubs. This can then be topped-up with discretionary rate relief.

This relief is fully funded by the Government.

Discretionary Relief

There are two types of discretionary relief:

Discretionary Top Up

Under Section 47 of the Local Government Finance Act 1988, the Local Authority has the power to grant up to 20% discretionary top up where a property qualifies for mandatory rate relief

Discretionary top up may be awarded for properties wholly or mainly used by registered charities, community associations, residents groups, community amateur sports clubs, scout groups, girl-guide groups, youth clubs, citizen advice bureaux, and museums.

Discretionary top up of up to 20% can be awarded to any qualifying premises and the amount awarded is based on the merits of each individual application. For each award of discretionary top of 20%, the Council is responsible for funding 75% of it; the remaining 25% is funded by Central Government. This policy is also accompanied by a comprehensive procedure for staff giving guidance and good

practice on the award of discretionary top up.

Discretionary Rate Relief

Under Section 47 of the Local Government Finance Act 1988, the Local Authority has the power to grant up to 100% discretionary rate relief where a property wholly or mainly used by a non-profit making organisation.

Relief will be considered for organisations:

- which actively encourages membership from particular groups, e.g. disabled persons, ethnic minorities, young people, women and pensioners
- that have facilities, which are made available to people other than members, to encourage their wider use
- where membership of the organisation is open to all sections of the community and fees are at a level affordable by the community at large
- that provides training or education for its members, including specific schemes for particular groups to develop their skills
- where facilities are provided by self-help rather than grant aid
- where facilities are provided which indirectly relieves the authority of the need to do so
- where membership is mainly from the Chester-le-Street area
- which are affiliated to local rather than national institutions

Where an organisation or business has the provision of a bar and is run the premises, this should be ancillary to the provision of sporting or community activities. The opening hours of the bar, profits made and proportion of social members will be taken into account when a decision is made.

Discretionary rate relief can be awarded up to 100% to any qualifying premises and the amount awarded is based of the merits of each individual application. For each award of discretionary rate relief of up to 100%, the Council is responsible for funding 25% of it; the remaining 75% is funded by Central Government. This policy is also accompanied by a comprehensive procedure for staff giving guidance and good practice on the award of discretionary rate relief.

Small Business Rate Relief

Under The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004, the Local Authority has the power to grant small business rate relief to businesses with either:

- one property, whose rateable value is less than £15,000 on the 1st April of the relevant chargeable year, **or**
- one main property and other additional properties, providing the rateable values of the other properties are less than £2,200 and the total rateable value of all of the properties remains under £15,000.

All qualifying properties will their non domestic rate bill calculated using the small business rate non-domestic rating multiplier which is less than the normal rating multiplier used in routine calculations. In addition, premises with a rateable value of

less than £5,000 qualify for 50% rate relief; this then decreases on a sliding scale of 1% for every £100 rateable value for premises with a rateable value of between £5,000 and £10,000.

Small business rate relief cannot be awarded alongside any other rate relief except discretionary or hardship rate relief.

Small business rate relief is awarded before any discretionary rate relief is calculated. This reduces the cost of the rates payable by the ratepayer and reduces the amount of funding the authority provides towards discretionary rate relief. Every effort is made by the Local Taxation Team to maximise small business rate relief to those who qualify and there is a comprehensive procedure for staff giving guidance and good practice on the award of small business rates relief.

Small business rate relief is self-funding as Central Government calculate the business rates multiplier taking the cost of this relief into account

Hardship Relief

Under Section 49 of the Local Government Finance Act 1988, the Local Authority has the power to grant Hardship relief to any business or organisation that is suffering financial hardship.

The Local Authority has the discretion to reduce or remit the payment of business rates where it is satisfied that the business or organisation will sustain hardship. For each award of hardship relief, the Council is responsible for funding 25% of it; the remaining 75% is funded by Central Government

This policy is also accompanied by a comprehensive procedure for staff giving guidance and good practice on the award of hardship relief.

Rural Rate Relief

Under the Local Government Finance Act 1997, the Local Authority has the power to grant 50% mandatory relief to public houses, petrol filling stations, general stores, food stores and post offices, which are the sole business of their type within the area of a designated Rural Settlement List.

A business that qualifies for mandatory rural rate relief can also be eligible for a discretionary relief top-up to a maximum of 100%.

Properties that are used for purposes beneficial to the local community may qualify for discretionary rural rate relief.

The 1988 Act requires each billing authority to compile and maintain a rural settlement list for each chargeable financial year. The list must identify settlements in the authority's area which

- appear to have had a population of not more than 3,000 on the previous 31 December before the beginning of the chargeable financial year in question, **and**

- in that financial year are wholly or partly within an area designated by the Secretary of State as a rural area

A general store, post office or food shop that is the sole business of its type within a rural settlement will qualify for mandatory relief if the rateable value of the property is no greater than £7,000.

A public house or petrol station that is the sole business of its type within a rural settlement will qualify for mandatory relief if the rateable value of the property is no greater than £10,500.

Properties that do not qualify for mandatory relief may qualify for discretionary relief where:

- the property is the only general store, post office, food shop, public house or petrol station in a rural settlement but does not qualify for mandatory relief as it's rateable value is higher than that prescribed in regulations **and**
- the property is used for purposes that benefit the local community, **and**
- it would be reasonable for the billing authority to grant relief, **and**
- it is reasonable for it to do so having regard to the interests of the authorities council tax payers

The rateable value of these properties can be no greater than £14,000.

For each award of rural rate relief of up to 50%, the Council is responsible for funding 25% of it; the remaining 75% is funded by Central Government.

This policy is also accompanied by a comprehensive procedure for staff giving guidance and good practice on the award of rural rate relief.

Cost of Awarding Relief

The cost of awarding Rate Relief is detailed below:

<u>Type of relief</u>	<u>%</u>	<u>Cost to Government</u>	<u>Cost to Local Authority</u>
Mandatory	80%	100%	nil
Discretionary Top Up	20%	25%	75%
Discretionary Rate Relief	Up to 100%	75%	25%
Small Business Rates Relief	Up to 50%	100%	nil
Hardship Rate Relief	Up to 100%	75%	25%
Mandatory Rural Rate Relief	50%	75%	25%
Discretionary Rural Rate Relief	Up to 50%	75%	25%

Applications for Relief

Applications for rate relief must be made in writing or on the Council's official application form. Applications are available from the Local Taxation team, on the website and are also available in large print or different languages upon request.

Notification of the decision

The decision to award rate relief and the amount of rate relief will be decided within 28 days of the application being received.

An appeal against the decision must be made in writing to the Head of Revenues and Benefits who will review the decision. Any further appeal must be made to the Director of Resources for a further review. Upon this review the Director of Resources may consult elected Members. Decision notices will be available in large print or different languages upon request and customers' will be encouraged to seek independent advice and assistance from organisations such as The Citizens Advice Bureau or Welfare Rights.

Changes to decisions

If Chester-le-Street District Council decides to vary the amount rate relief paid to a customer or organisation it must:

- ensure that any variation commences at the beginning of a financial year **and**
- give twelve months advance notice when reducing the amount of relief

Where the amount of relief is to be increased, the variation can take effect from a date decided by the Council.

Reviewing Rate Relief

Rate relief will be reviewed every five years upon receipt of the new valuation lists unless a business or organisation has a change in circumstances, which must be reported to the Local Authority immediately.

Equalities and Diversity

Chester-le-Street District Council is committed to promoting equality and valuing diversity in both service delivery and employment. Care has been taken in drafting this policy and the underpinning procedures to ensure that the Council does not unjustifiably discriminate against any minority group.

Every effort will be made to ensure that the needs of individual customers are met in relation to the enforcement of this policy. The policy will be made available in different languages, or translated with the assistance of an interpreter and it will be available as read-speak. All customers will be encouraged to seek assistance from an independent third party.

