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To: Scrutiny Committee
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Title: National Non - Domestic Rates (NNDR) - Discretionary Rate Relief Policy

Summary:

A Scrutiny Committee Task and Finish Group consisting of Councillors C Pearson (Chair), I Chilvers and M Hobson was set up to review discretionary rate relief for non-domestic rates.

The proposed outcomes of the review were:

- Ascertain if the existing polic(ies) were fit for purpose
- A defined policy for Discretionary Rate Relief
- A revised and effective process for awarding rate relief which:
 - is easy for applicants to understand and apply for
 - is easy for the authority to administer
 - enables the Council to plan its budget

The group focused on two areas:

1. Reviewing the current policy for awarding discretionary relief
2. Exploring options under the Council's general power to award discretionary rate relief.

Recommendations:

The approval of the draft National Non - Domestic Rates (NNDR) Discretionary Rate Relief Policy which includes the following key changes:

- i. The implementation of a monetary cap on the level awarded per property per annum on all existing types of relief

- ii. The continuation to 'top up' 80% mandatory relief to 100%, for charitable bodies, on a sliding scale, but only where the organisation can evidence investment in the local community. All other awards in respect of charitable bodies to be capped at 80%, in line with non profit making organisations.
- iii. The introduction of an end date for all awards granted (allowing recipients to reapply).
- iv. The introduction of a cut off date for the submission of all applications, except those in respect of general rate relief and hardship.
- v. The granting of awards against the available budget.
- vi. The introduction of a general rate relief, linked to attracting new organisations to the District, encouraging expansion and creating employment opportunities for Selby District residents.

Reasons for recommendation

To put in place a robust policy framework to ensure that decisions regarding the award of discretionary rate relief are taken in a fair, consistent and transparent manner giving due consideration to the interests of local tax payers:

- To safeguard the interests of the local tax payer by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way;
- To promote growth and retention in the District, in particular employment opportunities for District residents;
- To generate contingencies to allow for a future increase in applications, including future proofing the policy to avoid potentially costly awards.

1. Introduction and background

The award of rate relief for non domestic properties is discretionary and as such there is no legal requirement for an authority to have a written policy. However, it is considered best practice to have a policy which sets guidelines for the factors that should be considered when making a decision to award or refuse relief.

1.1 Current Reliefs

The current policy was last reviewed approximately ten years ago.

The policy covers awards of rate relief for charities, non-profit making organisations and businesses located in small rural settlements. The District Council has the ability to grant discretionary rate relief, either to 'top up' the 80% mandatory rate relief (charitable bodies), the 50% mandatory relief (rural), or to give discretionary relief alone (non-profit making organisations) up to 100%. The objective of discretionary rate relief is to give assistance to charitable and non profit making organisations that may for example have difficulty in paying their rates and are of benefit to the local community, such as village halls.

1.2 New General Relief

From 1st April 2012, section 69 of the Localism Act 2011 amends section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities can currently give discretionary relief with a power to grant relief in any circumstances.

In exercising these discretionary powers the Council must act reasonably having regard to all relevant considerations and the interests of all tax payers as the full cost of awarding discretionary rate relief would in effect be borne by other Council Tax payers. The Council must not have a blanket policy either to award or not to award relief and each case should be considered on its own merits.

2. The Report

2.1 Methodology - review of current awards

Comparison of neighbouring authorities

The Discretionary Rate Relief policies and scoring criteria (where applicable) were obtained from the following authorities:

- Leeds
- York
- Harrogate
- Doncaster
- Ryedale

The information obtained was compared with the current SDC discretionary rate relief criteria and focused on the following areas:

- Responsibility for decision
- Level of award
- Period of award
- Details of any capped awards

Analysis of this data provided a comparison with other authorities which led into the following:

Analysis of existing awards

An analysis of existing awards identified the following key issues in relation to discretionary rate relief:

- All awards are currently open ended i.e. there is no end date
- There is no limit to the amount of award which can be granted in terms of a monetary cap
- Difference percentage limits are applied, depending on the type of award granted e.g. up to 100% for charitable bodies and 80% for non-profit making organisations
- There is no cut off date for applications i.e. applications can be submitted at any time throughout the year
- Currently (and historically) the amount granted in awards exceeds the allocated budget.

This information was used to inform the options appraisal.

2.1.2 Methodology - the introduction of new local relief

Discussions took place at three separate meetings of the Task and Finish Group regarding the Council's general power to award discretionary rate relief. Following a presentation by Officers, the group discussed the various options available to them and consideration was given to the following seven sector options:

1. Sector
2. Area
3. Environmental impact
4. Linked to growth and or retention
5. Socio-economic exclusion
6. Size of business
7. Headquarters of the business

Given the Council's aspirations with the Programme for Growth the group chose to focus on options around growth. The group also wanted to be able to have a policy which allows other circumstances to be taken into account.

2.2 Summary of Key Findings

Findings from the research carried out suggest that continuing with the existing policy is no longer considered a viable option.

A change in legislation has resulted in the need for a policy update in order to:

- ensure the interests of the tax payer are taken into account when considering granting awards and

- minimise the risk of challenge and objection.

The significant overspend against the current allocated budget, highlights the need to:

- provide some certainty in future years linked to the budget available and
- ensure that the granting of future awards represents value for money and provides an opportunity for the Council to support those applicants who make a contribution to the area.

2.3 Options and Options Appraisal

An analysis of the information provided the following options for consideration:

2.3.1 Current awards

Option 1: A monetary cap on the level awarded per property per annum

At present, there is no monetary limitation on relief granted per property. Other Authorities use this scheme and some run it alongside a percentage award according to category of organisation.

Table 1 below provides details of the recommended caps and the number of current awards which will be affected (based on current awards as at 29 January 2013).

Table 1 Proposed caps - Analysis of existing awards

Type of Award	Amount of current cap	Amount of proposed cap (£)	Number of awards effected (as at Jan 2013)
Charitable Bodies	none	10,000	1
Community Amateur Sports Clubs (CASCs)	none	4,000	0
Non Profit Making	none	4,000	0
Rural	none	2,000	1

This option does not penalise any specific category and recommends setting a cap for all types of awards. The monetary limits set will result in no detrimental effect on any of the small organisations. There will be a negative effect for only one larger organisation within the area.

Whilst the number of organisations which will be effected is limited at present and therefore will result in relatively small savings, this option is an attempt to include an element of future proofing in respect of any potential properties with a high rateable value that may apply for discretionary relief.

Option 2: A percentage cap on the level per property per annum

This scheme would entail granting discretionary relief up to a specified percentage. A number of options were discussed including applying a percentage cap to:

- all types of relief or
- specific types of relief only i.e. charitable bodies only (currently the greatest cost to the authority)

At present, depending on the type of award, relief can be granted up to 100%.

During the review process Councillors were keen to continue to support organisations that play an important role in delivering key local services.

It was recognised that the largest number of awards and the greatest cost to the authority was from charitable bodies. It was suggested to cap the percentage level to 80%, in line with non profit making organisations, unless organisations can evidence investment in the local community, in which case they will be awarded 10% or 20% depending on the level of investment.

By introducing an overall percentage cap, all the organisations currently receiving the larger award, i.e. a top up of 20% discretionary relief would lose. However, if they can provide evidence of investment in the local community, they will receive either 10% or 20%, depending of the level of investment.

Table 2 below provides details of the current and proposed caps, including the percentage of mandatory relief (which will remain the same).

Table 2 Current and proposed percentage caps

Type of Awards	Mandatory (%)	Discretionary (%)	Total (%)
CASCs			
Current	80	20	100
Proposed		20	100
Non-profit making			
Current	0	80	80
Proposed		80	80
Rural			
Current	50	50	100
Proposed		50	100
Charitable relief			
Current	80	20	100
Proposed			
No investment in local community		0	80
Investment in local community *		10 or 20	90 or 100

*On a sliding scale (10% or 20%) linked to investment in the local community.

This option only affects charitable bodies and brings the cap in line with non profit making organisations. It is not possible to determine the number of awards which will be affected from the introduction of this option. There are currently 78 organisations that receive awards and fall into this category and potentially all could be affected, depending on their level of investment in the local community.

Financial Modelling (relating to options 1 and 2)

The introduction of the proposed caps, both monetary and percentage, will result in contingency funds to allow for a future increase in applications. An analysis of current recipients of all types of discretionary relief has been undertaken to inform Table 3 below.

Table 3 Financial Modelling – a comparison of the cost to the different organisations of current awards under the existing and proposed new policy (as at 05 April 2013)

Type of award and number of transactions	Total Value		Central Government		SDC	NYCC	NYFR
	100%	50%	40%	9%	1%		
Current Awards							
Non-Profit (15)	-£ 11,353.70	-£ 5,676.85	-£ 4,541.48	-£ 1,021.83	-£ 113.54		
Rural (4)	-£ 3,414.85	-£ 1,707.43	-£ 1,365.94	-£ 307.34	-£ 34.15		
Village Shop (28)	-£ 14,947.52	-£ 7,473.76	-£ 5,979.01	-£ 1,345.28	-£ 149.48		
CASC (1)	-£ 1,047.98	-£ 523.99	-£ 419.19	-£ 94.32	-£ 10.48		
Charitable (76)	-£ 47,137.11	-£ 23,568.56	-£ 18,854.84	-£ 4,242.34	-£ 471.37		
	-£ 77,901.16	-£ 38,950.58	-£ 31,160.46	-£ 7,011.10	-£ 779.01		
Under Policy							
Non-Profit (15)	-£ 11,353.70	-£ 5,676.85	-£ 4,541.48	-£ 1,021.83	-£ 113.54		
Rural (4)	-£ 3,414.85	-£ 1,707.43	-£ 1,365.94	-£ 307.34	-£ 34.15		
Village Shop (28)	-£ 14,764.43	-£ 7,382.22	-£ 5,905.77	-£ 1,328.80	-£ 147.64		
CASC (1)	-£ 1,047.98	-£ 523.99	-£ 419.19	-£ 94.32	-£ 10.48		
Charitable (76)	-£ 42,082.90	-£ 21,041.45	-£ 16,833.16	-£ 3,787.46	-£ 420.83		
	-£ 72,663.86	-£ 36,331.93	-£ 29,065.54	-£ 6,539.75	-£ 726.64		
Savings	-£ 5,237.30	-£ 2,618.65	-£ 2,094.92	-£ 471.36	-£ 52.37		

Option 3: An end date for awards

Currently all awards are open ended. The option to award relief for a predetermined period would assist the Council with planning its budget and also ensure that applications are reviewed to identify changes in circumstances which may affect the level of relief awarded. This is something which a number of other authorities currently do. In line with other authorities the maximum period considered appropriate is 36 months for charities and 24 months for all other types of awards.

Option 4: Limiting the date of application

The introduction of a deadline for applications i.e. 01 January each year will assist the Council with granting awards against the available budget. Under this option applications for general rate relief and hardship relief will be exempt from the deadline and may be submitted when the need arises.

Option 5: Granting awards against the available budget

This option involves reducing all awards proportionally where the total relief assessed exceeds the available budget.

This type of funding would be based on the annual budget allocation by the Council for discretionary relief. To proceed with this option we would need to implement option 4 as above i.e. a system of limiting the submission date of applications to e.g. January 01 each year.

Table 4 Summary of Options – existing awards

Option	Description	Rationale
1	A monetary cap on the level awarded per property per annum	Future proofing in respect of any potential properties with a high rateable value that may apply for discretionary relief. Will generate contingencies to allow for a future increase in applications
2	A percentage cap on the level per property per annum, applied to charitable bodies, on a sliding scale	Encourages investment in local community. Will generate contingencies to allow for a future increase in applications
3	An end date for awards	Assist with budget planning
4	Limiting the date of application (for both new and existing awards)	Assist with budget allocation
5	Granting awards against the available budget	Remove any financial risks associated with the Policy.

Preferred Options

The Task & Finish Group's preferred options are all of the above i.e. 1 - 5 as outlined above.

2.3.2 New General Relief

Option 1: The introduction of specific criteria linked to the creation of employment opportunities within the District, set against a scoring mechanism.

Members were keen to introduce criteria linked to the Council's aspirations to promote and encourage economic growth, and in particular increase employment opportunities for residents of the District. They therefore initially decided upon specific criteria which claimants would have to meet set against a scoring mechanism. However, the authority must not have a blanket policy and therefore, on reflection proposing this option in isolation, was considered to be too restrictive. Also the adoption of policy guidelines to assist in judging the individual merits of each application was considered to be reasonable without the need for a detailed scoring mechanism.

Option 2: The introduction of general criteria linked to the creation of employment opportunities.

This option includes criteria where applications will be considered favourably where the Council is satisfied that an award will directly result in attracting businesses, investment or jobs to the local area, but without the rigid scoring mechanism associated with option 1 above.

In deciding whether to grant discretionary relief, the Council will look at the contribution that the organisation makes to the area and relief will be considered on the individual merits of each case.

Under this option it is envisaged that Officers will provide a brief report to accompany the main submission by the applicant. The decision will be made by a panel of Members delegated for the purpose of determining applications. It will be for Members to consider individual applications and decide whether to make an award, based on the Policy, the application and supporting information.

When making a decision Members will need to make a judgement on the benefits which will be achieved by granting the award and also in the absence of any existing budget will need to consider where the funding for granting such an award will come from.

Preferred option

The Task and Finish Group's preferred option is 2 as this allows sufficient flexibility to enable awards to be made where there are longer-term benefits, subject to an award being considered in the best interests of local Council Tax payers.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

Whilst there is no absolute legal requirement to have a policy on the award of discretionary rate relief, government guidance and good practice strongly suggest that the Council should have a policy.

Consultation is also at the discretion of the Council. Officers recommend consulting with the organisations currently receiving relief as well as the general public. Methods of consultation will be via the Council's website, through the CEFs and the Chamber of Trade. It will also include writing to all those currently in receipt of awards.

An Equalities Impact Assessment (EIA) was carried out which identified that the proposed Policy will have a neutral impact on the Council's statutory equality duty and therefore no changes are required at this present time.

3.2 Financial Issues

Historically the authority has exceeded the budget allocated to fund the annual cost of the Council's element of discretionary rate relief awarded. In addition to this there is also no budget allocation in respect of the new general relief.

The significant changes to local government finance from April 2013 will include the local retention by the Council of a proportion of the yield collected from the non-domestic rates payable in the District. Awards of discretionary rate relief will reduce the rates yield and, therefore, will directly affect the Council's finance.

Furthermore, the costs borne by the Council will be the full amount of any relief granted under the new general relief.

Resource implications - there will be an increase in Officer time in order to:

- check applications in relation to new general relief, prior to formulating a brief report to assist Members with the decision making process
- review each award after the end of the award period (one, two or three years depending on the type of award).

There will be also be the need to review all existing awards, of which there are currently 124 (as at 05 April 2013), prior to the implementation of the policy, ideally by December 2013. It is envisaged that this process will be undertaken over a four month period.

4. Conclusion

Existing Reliefs:

The Council is keen to continue to support organisations, in particular those who invest in the local community. It is clear in times of scarcity of resources that it is important to consider the cost of any scheme to the Council and the introduction of options 1 and 2 would yield contingency funds, while continuing to support many of the organisations currently receiving discretionary relief. Option 3 would assist the Council in planning its budget. The introduction of option 4 would allow the Council to implement option 5; granting awards against the available budget, which will in turn limit the amount of discretionary relief awarded in each financial year.

New General Relief:

Option 1 would entail businesses having to meet specific criteria, which may in many instances result in no award. Therefore, this option does not meet the desired outcome to attract and assist those businesses who may be either considering relocating or expanding within the District.

Option 2 would ensure that each application for rate relief will be considered on its individual merits, whilst at the same time aligning with the objectives set out by the Scrutiny Committee Task and Finish Group i.e. attracting new businesses to the District, the expansion of existing ones and the creation of employment opportunities for residents within the District. However, it should be reiterated that the cost of awarding this type of relief will be borne entirely by the Council and Members will need to include this in their decision making process, when considering each application.

Approval is sought on the draft policy, which includes the preferred options detailed in this report. If approval is granted then the next step will be for Scrutiny Committee Members to take it to the Executive.

It should be noted that a consultation process for a period of six weeks is recommended.

It is the intention that following implementation the Policy will be reviewed in twelve months, to test its effectiveness.

5. Background Documents

Local Government Finance Act 1988 - Section 47
Localism Act 2011

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Appendices:

Appendix A – Draft National Non Domestic Rates (NNDR) Discretionary Rate Relief Policy.



Selby District Council

National Non Domestic Rates (NNDR)

Discretionary Rate Relief Policy

April 2013

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1. Background

Local Authorities have the power to grant Discretionary Rate Relief to organisations that meet certain criteria. The amount of relief granted is used to reduce the amount the organisation owes in Non Domestic Rates.

2. Legislation

The law governing the granting of Discretionary Rate Relief is found in Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation and Section 69 of the Localism Act 2011.

3. Purpose of the Policy

The purpose of this Policy is to specify how the Council will operate its discretionary powers under the Local Government Finance Act 1988 and to indicate the factors it will consider when deciding if relief can be awarded.

Through this policy, Selby District Council is providing a mechanism to reduce, or remove the business rate liability from such charities, non - profit making organisations, certain rural businesses and other businesses that are providing valuable facilities and services to communities within Selby District.

The policy is intended to provide a simple transparent process that aligns awards of discretionary rate relief with the council's corporate priorities.

4. Types of Relief Awarded

The Council will consider awarding Discretionary Rate Relief to all organisations that meet the qualifying criteria as specified in this Policy. The amount of any award is at the discretion of the Council.

Discretionary Rate Relief will be awarded after taking in to consideration all other reliefs an organisation may qualify for.

It will consider each individual application against set criteria. This process ensures that all applications are considered on a fair and transparent basis.

In the first instance organisations that meet the qualifying criteria for Small Business Rates Relief will be considered for this type of relief.

4.1 Charitable Bodies

Mandatory relief is given to institutions, organisations or trusts established for charitable purposes in respect of property used wholly or mainly for charitable purposes. Mandatory relief is 80% of the rates chargeable.

Where charitable bodies can evidence investment of funds within the local community the Council may award discretionary relief in addition to mandatory relief, on a sliding scale up to 20%. Thus, up to 100% relief may be achieved. It should be noted that there is a cap on the amount which can be awarded (see Appendix 1). If an applicant organisation delivers services from more than one premises and discretionary rate relief is awarded, the cap will be for each premise where business rates are due.

Appendix 1: Explanatory Notes - Mandatory and Discretionary Rate Relief for Charitable Bodies outlines the conditions that apply.

4.2 Non-Profit Making Organisations

Non-profit making bodies (ineligible for mandatory relief) can be awarded up to 80%.

It should be noted that there is a cap on the amount which can be awarded (see Appendix 2). If an applicant organisation delivers services from more than one premises and discretionary rate relief is awarded, the cap will be for each premise where business rates are due.

Appendix 2: Explanatory Notes - Rate Relief for Non Profit Making Organisations outlines the conditions that apply.

4.3 Community Amateur Sports Clubs (CASC)

Both mandatory and discretionary relief are available to registered Community Amateur Sports Clubs (CASC). They can receive 80% mandatory rate relief and up to 20% discretionary relief. Thus, up to 100% relief may be achieved. It should be noted that there is a cap on the amount which can be awarded (see Appendix 1). If an applicant organisation delivers services from more than one premises and discretionary rate relief is awarded, the cap will be for each premise where business rates are due.

Appendix 1: Explanatory Notes - Rate Relief for Non Profit Making Organisations and Community Amateur Sports Clubs (CASC) outlines the conditions that apply

4.4 Rural Rate Relief

Both mandatory and discretionary relief are available for businesses in rural areas. They can receive 50% mandatory rural relief and up to 50% discretionary rural relief. Thus, up to 100% relief may be achieved. It should be noted that there is a cap on the amount which can be awarded (see Appendix 3). If an applicant organisation delivers services from more than one premises and discretionary rate relief is awarded, the cap will be for each premise where business rates are due.

Appendix 3: Explanatory Notes - Rural Rate Relief outlines the conditions that apply.

4.5 General Rate Relief

Section 69 of the Localism Act 2011 amends the Local Government Finance Act 1988 to allow local authorities the discretion to award rate relief to all types of businesses.

Selby District Council has the discretion to award relief where it is in the Council Tax payer's interests to do so. Under this relief an award of up to 100% can be achieved, subject to certain criteria linked to the creation of employment opportunities, (over a three year period). It should be noted that there is a cap on the amount which can be awarded (see Appendix 4). If an applicant organisation delivers services from more than one premises and discretionary rate relief is awarded, the cap will be for each premise where business rates are due.

Relief will be considered on the individual merits of each case. It should be noted that there is a cap on the amount which can be awarded (see Appendix 4). If an applicant organisation delivers services from more than one premises and discretionary rate relief is awarded, the cap will be for each premise where business rates are due.

Appendix 4: Explanatory Notes - General Rate Relief outlines the factors which will be considered when assessing applications

4.6 Hardship Relief

Where the business is suffering hardship that has been caused through exceptional circumstances the Council can grant discretionary relief. When considering an application the Council will require some form of financial statement. Audited accounts are preferred, but if these aren't available, other

documents such as bank statements or cash books etc may be accepted. In the case of an individual, the Council may also require a statement of means.

To back up an application the Council will also need to know what exceptional circumstances have led to a particular situation and why, in the applicant's view, the Council should reduce their liability.

Each application shall be determined upon its own merits.

Appendix 5: National Non-Domestic Rates - Hardship Relief provides further information.

5. Claiming Discretionary Rate Relief

5.1 State Aid and Reliefs

European Union competition rules generally prohibit Government subsidies to businesses.

Relief from taxes, including non-domestic rates, can constitute state aid. We need to bear this in mind when granting discretionary rate reliefs.

Any form of discretionary relief can constitute state aid, and this needs to be taken into account with any other state aid that the organisation is receiving.

5.2 Claim Forms

A claim must be made on an application form approved and issued without charge by the Council. Applications forms can be downloaded from the Council website.

We will issue application forms on request or in circumstances where we consider an organisation may be entitled to relief.

The form must be completed by the ratepayer or a person authorised to sign on behalf of the ratepayer.

A person authorised to sign on behalf of the ratepayer is:

- a partnership - a partner of the partnership;
- a trust - a trustee of that trust;
- a body corporate – a director of that body, and in any other case a person duly authorised to sign on behalf of the ratepayer.

5.3 Information required

The information required will depend upon the type of relief being applied for. Where an organisation is required to provide information, this should be submitted with the application. No applications will be considered without the appropriate supporting information. Evidence required may include:

- The rules of the organisation or its Memorandum and Articles of Association.
- The last two years' audited accounts (If the organisation is a new organisation and audited accounts are not available, the organisation should provide a statement on their finances, showing the income and expenditure)

We may, in some cases, verify the information given by the organisation applying by contacting third parties and other organisations.

We may request any reasonable evidence in support of the application.

All information supplied will be dealt with in the strictest confidence.

5.4 Deadline for applications

The deadline for submission of applications for discretionary rate relief is 01 January, except in the case of applications for general relief and hardship relief.

The start date of the relief will normally be determined as follows:-

Applications submitted by 01 January will receive awards from 01st April of the year the application is made.

Applications received after 01 January will receive awards from 01st April of the start of the following financial year.

This timescale has been introduced in order that the budget available for awarding rate relief can be fairly and consistently shared amongst applicants. Therefore, where the total relief assessed exceeds the available budget the Council will reduce all awards proportionally.

Applications for general relief in respect of a new liability may be submitted from the date the liability commences. Where relief is awarded, it will commence from the date of valid application or the first date of occupation, whichever is the later date.

Awards of discretionary relief cannot be backdated.

5.5 Period of Award

All awards will be made for a set period only.

The Council will decide the period that Discretionary Rate Relief will be awarded for, dependent on the circumstances of the application.

In general the period of award will be for 36 months for charitable organisations and 24 months for all others (this may be subject to change at any time during the period of the award), after which it will be again subject to review. Continuation of relief will be subject to reapplication. Organisations who do not reapply will not be granted relief and a non domestic rate bill for the full amount will be issued.

Each amount of rate relief awarded under general rate relief policy shall only apply for twelve months.

An award of Discretionary Rate Relief at any time does not guarantee that a further award will be made at a later date even if the circumstances of the organisation have not changed.

5.6 Changes in Liability

The Council may review the award in line with any increase or decrease in liability.

6. Payment of Awards

All relief awarded will be paid to help with the Non Domestic Rate liability. We will credit the relief direct to the organisation's Non Domestic Rate account.

7. Notifications

The Council will inform the organisation applying in writing of the outcome of their application for Discretionary Rate Relief.

Where the application is not successful, the notification will provide full reasons why we have decided not to award Discretionary Rate Relief and details of the applicant's right to ask us to look at the decision again.

Where the application is successful, the notification will include the following information:-

- The period of the award
- The percentage of the rate liability awarded for that period.
- The amount of Rate Relief to be awarded for the period.
- An amended Non Domestic Rate Demand.

- The right to ask us to look again at the decision.

8. Overpayments

The Council will recover all overpayments of Discretionary Rate Relief through the organisation's Non Domestic Rate account.

9. Right of Appeal

Whilst there is no formal right of appeal, an applicant may write and tell us why they consider the decision is wrong, i.e. if they consider we have not taken all relevant information into account. We will check Discretionary Rate Relief applications thoroughly and take account of any information provided by the applicant. This is called 'reconsidering' the decision.

We will write to advise the applicant of the outcome of our reconsideration and if we are not changing the decision, we will explain why.

10. Fraud

The Council is committed to the fight against fraud in all its forms. An organisation who tries to fraudulently apply for Discretionary Rate Relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect that such an offence may have occurred, the matter will be investigated in line with the Council's Enforcement Policy. This may lead to criminal proceedings being instigated.

11. Publicity

The Council will include information about Discretionary Rate Relief with Non Domestic Rate Demands and within the Non Domestic Rate Section of the Council's website.

12. Review

This policy will be reviewed periodically, taking into account Council policies and priorities and any changes in legislation.

Explanatory Notes

Mandatory and Discretionary Rate Relief for Charitable Bodies and Community Amateur Sports Clubs (CASC)

Mandatory and Discretionary Rate Relief may be granted under **Sections 43, 45, 47 and 48 of the Local Government Finance Act 1988.**

Mandatory Rate Relief

Occupied Rates

Mandatory Relief of 80% may be granted to a **Charity** under **Section 43 (occupied rates)**, provided that the property concerned is wholly or mainly used for charitable purposes.

Unoccupied Rates

If the property is unoccupied such relief may also be granted to a **Charity** under **Section 45 (unoccupied rates)** if it appears that when **next in use** the property will be wholly or mainly used for charitable purposes.

Definition of a Charity

Firstly we have to establish if the organisation is a **Charity**. The definition of a **Charity** comes under **Section 67 of the Local Government Finance Act 1988** as *“an institution or other organisation established for charitable purposes only, or a person administering a trust established for charitable purposes only”*. Registration with the Charity Commission under the **Charities Act 1960** is proof of Charity status.

Absence from the Register does not mean that an organisation has not been established for charitable purposes, as certain organisations are exempt from registration. These include Church Commissioners, Boy Scouts or Girl Guides, any registered society within the meaning of the **Friendly Societies Acts 1896-1974** and voluntary schools within the meaning of **the Education Act 1944 – 1980**.

Established for Charitable Purposes

If none of the above are applicable, and in the absence of any other information, the following will be considered:

Are the main objectives of the organisation:

- the relief of poverty; or
- the advancement of religion; or
- the advancement of education; or
- other purposes that is beneficial to the local community

Wholly or Mainly Used for Charitable Purposes

Secondly we have to consider if the property concerned is used wholly or mainly for charitable purposes. The use must be charitable, i.e. in meeting the objectives of the Charity. "Wholly or mainly" covers either: use of over half the property all of the time; use of the property for over half of the time; or a combination of both amounting to more than 50%.

Relief can only be granted, therefore, if **either** more than 50% of the property is used for charitable purposes **or** the property is used for more than 50% of the time for charitable purposes **or** there is a combination of both amounting to more than 50%.

Charity Shops

In addition **Section 64 of the Local Government Finance Act 1988** provides that **Charity Shops** are only entitled to 80% Mandatory Relief if they use the premises:

- wholly or mainly for the sale of goods **DONATED** to the Charity; and
- the net proceeds of the sale of goods are applied to the purpose of the Charity.

Community Amateur Sports Clubs (CASCs)

Mandatory Relief for CASCs

Registered CASCs can receive 80% mandatory rate relief. To qualify as a CASC, a sports club must be open to the whole community, be run as an amateur club, be a non profit making organisation and aim to provide facilities for, and encourage people to take part in, eligible sport. For further details please see <http://www.inlandrevenue.gov.uk/casc/index.htm> or call the Inland Revenue Sports Club Unit on 0131 777 4147.

Appeals Against Refusal to Grant Relief

Please direct any appeal to the Executive Director, Selby District Council, Doncaster Road, Selby, North Yorkshire YO8 9FT

Discretionary Rate Relief Top Up

Discretionary Rate Relief may be granted in addition to Mandatory Rate Relief, i.e. a "top up" of up to the remaining 20%. This may be granted under **Section 47** for occupied properties and **Section 48** for unoccupied properties. If you wish to apply for this relief please provide details of the main objectives of the organisation and any other purposes for which the property is used.

Charitable Bodies

The points system for discretionary rate relief top up for charitable bodies is as follows:

Total % of funds invested in the local community	Percentage Awarded
90 - 100	20
50 - 89	10
0 - 49	0

A cap of **£10,000** applies per property.

Community Amateur Sports Clubs

If there is any commercial activity the amount of the award may be limited by up to 50%.

A cap of **£4,000** applies per property.

Appeal Against Refusal to Grant Discretionary Relief

Please direct any appeal to the Executive Director Selby District Council,
Doncaster Road, Selby, North Yorkshire YO8 9FT

**If you require any further information, please contact a member of the
Local Taxation Section on**

(01757) 292161/292181 (6 lines)

or by email on

localtaxation@selby.gov.uk

**ALL INFORMATION SUPPLIED WILL BE DEALT WITH IN THE
STRICTEST CONFIDENCE**

Explanatory Notes

Rate Relief for Non Profit Making Organisations

Discretionary Rate Relief may be granted under **Sections 43, 45, 47 and 48 of the Local Government Finance Act 1988.**

Discretionary Relief for other Non Profit Making Organisations

Occupied Properties

Discretionary Relief of up to 80% may be granted for occupied properties under **Section 47** if the following criteria are met:

a) Where the property is not an **excepted** property (see below) and all or part is occupied by one or more institutions or organisations which are:

- Not established or conducted for profit, and
- Whose aims are charitable or otherwise philanthropic, religious or concerned with the promotion of social welfare, education, science, literature or the fine arts.

OR

b) Where the property is not an **excepted** property (see below) and is wholly or mainly used for:

- The purpose of recreation, and
- All or part of the property is occupied for the purpose of a club, society or other organisation not established or conducted for profit.

Excepted Properties

An excepted property is one occupied by a Billing or Precepting Authority, e.g. Selby District Council, North Yorkshire County Council, the Police Authority, Parish Councils.

Unoccupied Properties

Discretionary Relief of up to 80% may also be granted for unoccupied properties under **Section 48** if it appears that when **next in use** the property will be used as detailed in a) and b) above.

Points System

A Points System has been introduced to ensure that all applications have been treated fairly and in accordance with Council Policy. Please find below details of the points system.

Restriction of Membership	Points (0 - 3)
Major Restrictions	0
Average Restrictions	1
Very Limited Restrictions	2
No restrictions	3

Membership Charges	Points (1 - 5)
Above Average	1
Below Average	3
Average	5

Concessions	Points (5)
Reduced rate fees/subscriptions for all or any of the following - elderly, disabled, unemployed and children	5

Local Membership Level	Points (0 - 5)
Not over 25%	0
25% to 50%	1
50% to 75%	3
Over 75%	5

Finances General (Fund Balance as % of Yearly Expenditure) %	Points (0 - 10)
Over 200	0
181 - 200	1
161 - 180	2
141 - 160	3
121 - 140	4
101 - 120	5
81 - 100	6
61 - 80	7
41 - 60	8
21 - 40	9
0 - 20	10

Net Income from Gaming Machines (Income as % of Yearly Expenditure) %	Points (0 - 10)
Over 15	0
11 - 15	3
6 - 10	5
1 - 5	7
NIL	10

Gross Income from Bar £	Points (-) 25 - 10
Over 36,000	-25
30,001 - 36,000	-20
24,001 - 30,000	-15
22,801 - 24,000	-10
21,601 - 22,800	-9
20,401 - 21,600	-8

19,201 - 20,400	-7
18,001 - 19,200	-6
16,801 - 18,000	-5
15,601 - 16,800	-4
14,401 - 15,600	-3
13,201 - 14,400	-2
12,001 - 13,200	-1
10,801 - 12,000	0
9,601 - 10,800	1
8,401 - 9,600	2
7,201 - 8,400	3
6,001 - 7,200	4
4,801 - 6,000	5
3,601 - 4,800	6
2,401 - 3,600	7
1,201 - 2,400	8
1 - 1,200	9
NIL	10

The total points relate directly to the amount of relief as follows:

Range	% Relief	Range	% Relief
43 to 48	80	19 to 24	40
37 to 42	70	13 to 18	30
31 to 36	60	7 to 12	20
25 to 30	50	1 to 6	10

A cap of **£4,000** applies per property.

Appeal Against Refusal to Grant Discretionary Relief

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Doncaster Road, Selby, North Yorkshire YO8 9FT.

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Explanatory Notes

Rural Rate Relief

There are currently two types of relief available for businesses in rural areas. These are **Mandatory Rural Rate Relief** and **Discretionary Rural Rate Relief** and an outline of the conditions that apply are listed below.

Mandatory Rural Rate Relief (Granted at 50%)

Village Rate Relief

- the property must be located in a **rural settlement** with a population of less than 3,000. A Rural Settlement List for Selby's area is available at the Customer Contact Centre (Access Selby) in Selby.
- the property concerned is the **sole** general store or **sole** post office in the settlement and the rateable value does not exceed **£8,500 or**
- the property concerned is the **sole** public house or **sole** petrol filling station in the settlement and the rateable value does not exceed **£12,500 , or**
- the property concerned is **any** food shop in the settlement and the rateable value does not exceed **£8,500**.

A food shop is defined as wholly or mainly selling food on a retail basis for human consumption. The supply of confectionery and of food in the course of catering is **excluded**. Catering is defined as the supply of food for consumption on the premises or of hot food that is eaten off the premises. Therefore such establishments as restaurants, cafes, tea-rooms and fast food shops are **excluded** – but not food shops that sell only small amounts of such items.

A general store is defined as one in which there is carried on a trade or business consisting wholly or mainly of the sale by retail of **both** food for human consumption (excluding confectionery) **and** general household goods.

NB

Relief can be granted to a post office, which is not a general store, and a separate general store in the same settlement. Where a post office also trades as a general store then a second general store in the settlement will not qualify for this relief.

Discretionary Rural Rate Relief

This relief may be granted as a “**top up**” to **Mandatory Rural Rate Relief** or in its own right. The amount of any award is at the discretion of the Council and may be any amount up to 100% of the rates due.

The cost of any award of this relief falls in part on the Council Tax payers of the District as a whole.

The **criteria** that must be met before an award can be considered are as follows:

- the **property** concerned must be located **in a rural settlement** with a population of less than 3,000;
- the **property** concerned has a **rateable value** of not more than **£16,500**
- the property concerned is used for **purposes** which are of **benefit to the local community** and that the cost to the Council Tax payer is justified.

Please find below details of the points system for Discretionary Rural Rate Relief

	Percentage Applicable
Starting Point	50
Is there a similar facility or business within the settlement? If so	-50
OR	
Does the business primarily provide an important service to the local community and is it in the interests of local council Tax payers to support it? If not,	-100
Employment of Local Residents	+5
Does the business provide a free delivery service to any of the local community?	+5
Proximity to nearest similar business. if 2 miles or more	+15
Poor availability of public transport (buses not available at regular intervals each day, i.e. only geared to school/work hours). (Where relevant the nature of the business)	+15
Opening Hours (if the business is open 7 days for long hours)	+5
Provision of additional services (unconnected to the nature of the business and provided to assist the local community)	+5

A cap of **£2,000** applies per property.

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Local Taxation Section on**

(01757) 292181

or by email on

localtaxation@selby.gov.uk

All information supplied will be dealt with in the strictest confidence

Explanatory Notes

General Rate Relief Criteria

Section 69 of the Localism Act 2011 has amended **Section 47 of the Local Government Finance Act 1988** so that any organisation can apply for discretionary rate relief.

Any ratepayer applying for discretionary rate relief who does not meet the criteria for relief under the specifically named categories mentioned in this policy, may apply for general rate relief. Relief will be considered on the individual merits of each case, having due regard to:

The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief)

The ratepayer must not be an organisation that could receive relief as a non profit making organisation or as Community Amateur Sports Club.

The ratepayer must occupy the premises - no relief will be granted for unoccupied properties

If the ratepayer is a new business coming into the District

If the ratepayer creates new employment opportunities for a minimum period of twelve months for individuals:

- who reside in the Selby District and
- who have been unemployed* for a period of six months (continuous)

The premises and the organisation must be of significant benefit to the residents of the District

If the ratepayer provides:

- Facilities to certain priority groups such as elderly, disabled, minority or disadvantaged groups
- Significant employment or employment opportunities to residents of the District
- Residents of the District with such services, opportunities or facilities that cannot be obtained locally or are not provided by another organisation

If the ratepayer complies with all legislative requirements and operates in an ethical, sustainable and environmentally friendly manner at all times

The impact and best interests of the Council Tax payers of the District

The financial status of the applicant

* Unemployed refers to those in receipt of Job Seekers Allowance or Employment Support Allowance.

Applications in respect of a new liability may be submitted from the date the liability commences and for existing liability can be submitted at anytime throughout the year.

Each amount of rate relief awarded under this policy shall only apply for **twelve months**.

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or by email on

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NATIONAL NON-DOMESTIC RATES - HARDSHIP RELIEF

General Information

Section 49 of the Local Government Finance Act 1988 gives Selby District Council as a billing authority, discretion to reduce or remit payment of rates where it is satisfied that the ratepayer would sustain hardship if it did not do so, and where it is reasonable for the Authority to do so having regard to the interest of its Council Tax Payers.

In making decisions on whether to grant relief, the Authority follows guidance issued by the Office of the Deputy Prime Minister (ODPM). The ODPM has said that whilst it is for each billing authority to decide on the facts of each case whether to exercise its powers under Section 49 – and to judge the extent of those powers – authorities may wish to bear the following guidance in mind:

1. Although authorities may adopt rules for the consideration of hardship cases, they should not adopt a blanket policy either to give or not to give relief, each case should be considered on its own merits.
2. Reduction or remission of rates on grounds of hardship should be the exception rather than the rule.
3. The test of 'hardship' need not be confined strictly 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 Council Tax Payers in an area may go wider than direct financial interests. For example, where the employment prospects in the area would be worsened by a company going out of business, or the amenities of an area might be reduced by, for instance, the loss of the only shop in a village.
5. Where the granting of relief would have an adverse effect on the financial interest of Council Tax Payers, the case for a reduction or remission of rates payable may still on balance outweigh the cost to them.

How to apply for Hardship Relief

Please complete the attached application form. If you have any difficulties completing the form, please contact the Local Taxation Section on 01757 292181.

All applications for hardship relief are submitted to the Authorities appeals panel for consideration. When we receive your application form we will acknowledge receipt and let you know when a decision will be made. If we require any further information to progress your application we will contact you. Once the appeals panel has made a decision on whether or not to grant relief, we will write to you to let you know the decision and the reasons for that decision. Please note that the decision of the appeals panel is final.

Once completed, this form should be returned to:

Local Taxation Section
Selby District Council
Civic Centre
Doncaster Road
Selby
YO8 9FT