

DISCRETIONARY BUSINESS RATE RELIEF POLICY 2014



Contents

	Pages
Introduction	3-4
Partly empty properties	5-6
Hardship Relief	7-8
Relief for charitable organisations	9-10
Relief for non profit organisations	11-12
Community Amateur Sports Clubs	13-14
Rural rate relief	15-16
Discount for shops, pubs and restaurants	17-18
Re-occupation relief	19
New build empty properties	20
Appeals	21

Introduction

Telford and Wrekin Council is committed to making 'doing business' in the Borough as easy as possible and recognises the challenges that businesses face whether at start up, through hardship or during expansion and relocation. These guidelines form part of the Council's wider business support programme. We also recognise the invaluable contribution that is made by voluntary, charitable and not-for-profit organisations in our community.

The Council has discretionary powers to award relief from the payment of Non Domestic rates. This policy is designed to provide guidance for Council Officers and ratepayers on the application of Discretionary Rate Relief. This policy will cover the following types of discretionary relief:

- Properties partly occupied for a temporary period
- Hardship relief
- Charitable rate relief
- Rate relief for not-for-profit organisations
- Relief for Community Amateur Sports Clubs CASC's
- Relief for rural businesses
- Discount for shops, pubs and restaurants
- Re-occupation relief
- New build empty properties

Each application for discretionary relief will be considered on its own merits, whilst having due consideration to this policy and national legislation, whilst ensuring that all applications are treated in a fair way, with no discrimination on the grounds of ethnic origin, sexual orientation, religion, race or gender. In determining the award, consideration in all cases will be given to the interests of the council taxpayers of the Borough. Awards will only be made where the benefits to the taxpayers outweigh the financial impact of the award, for example the business taking on apprentices or acting as an ambassador for the Borough to promote the area to their supply chain.

Format of applications

Applications for relief must be made on the Council's application form. Applications should be submitted with the supporting information that is requested. Any applications which are made without the supporting information will be subject to a decision being made solely on the information that is available at the time of the decision. Businesses needing support can contact the Council's Business Support Team on 01952 567589.

Timescales for the application to be considered

The Council will aim to make a decision within a maximum 4 weeks of the application and supporting information being received. Ratepayers are required to continue to pay Business Rates whilst their application or appeal is being considered. Failure to make payments will result in the Council pursuing collection via the usual recovery procedures which could result in Court action or attendance by the bailiffs.

Effective date of relief

Whilst awards for mandatory relief can be backdated for previous financial years, legislation permits discretionary relief to be awarded back to the start of the previous financial year where the application is submitted prior to the end of September in a relevant year.

It is the Council's policy that discretionary relief will only be awarded from the date of the application, or in the case of hardship, where the hardship occurred at that point in time. Only in the most exceptional circumstances will consideration be given to awarding relief for a prior period. The ratepayer must provide valid reasons for not having submitted their application at an earlier date.

Amount of relief

All amounts of relief awarded are subject to the state aid limits as defined by European legislation. Relief will not exceed €200,000 in any 3 year financial period.

The amount of relief will also be subject to the affordability of the budget available within the Council.

Costs of relief

The cost of awarding discretionary relief will be apportioned as follows:

- 50% will be funded by the government
- 49% will be funded by the Council
- 1% will be funded by the Fire Service

Decisions

Any decision regarding rate relief will be communicated to the Ratepayer in writing. Where the decision is a refusal of the award, reasons for the refusal will be provided in the letter.

Period of the award

Although there may be cases where the award of a relief will be for a shorter period, most awards will be given for a maximum of a 3 year period.

Review of the policy

A review of the policy will be undertaken on a periodic basis.

Discretionary relief for partly empty properties

There may be occasions where a property is only partly occupied for a short period of time. This may be due to a business moving in or relocating to a new property. In certain circumstances, the Council may use its discretion to award a part empty relief; also known as Section 44a (s.44A of the Local Government Finance Act 1988).

In these circumstances the Council may request that the Valuation Officer apportion the rateable value of the property between the occupied and unoccupied elements.

In what circumstances will relief be awarded?

Section 44A relief will be awarded in the following circumstances:

- Where the occupied and unoccupied parts of the property can be easily segregated
- Where there are short term practical or financial difficulties in either occupying or vacating the premises
- Where the business is relocating machinery
- Where there is a seasonal reason why part of the property is empty.

In all of the above cases, the period of part occupation must be for a temporary period only.

Rate relief will not be awarded where the partial occupation is due to the normal day to day operation of the business; i.e.: a warehouse which has recently had the despatch of a large order and has limited stock.

For the purposes of this policy, a period of up to 12 months will be considered to be temporary. Periods which exceed this time period will be treated as a permanent change and will not attract an award of S44A.

Relief will not be awarded where it appears to the Council that the reason that part of the property is empty for the purposes of applying for rate relief.

How will a decision be made?

Prior to an award being made, a visit to the premises will be made by a Council Officer to establish the exact area of the property that is empty. The application must be supported by a plan of the property which clearly marks the boundary of the empty and occupied parts. This plan will be given to the Valuation Officer to apportion the rateable value.

Further visits may be made to the property throughout the award to establish that the property is still partly empty.

Further applications for part empty relief will be awarded in the following circumstances:

- Where there is a change to the area of the property that is unoccupied
- Where the financial year comes to an end.

Part empty property relief will end if one of the following circumstances applies:

- The end of the financial year
- The end of the award
- Where part or all of the unoccupied parts become occupied
- Where the whole of the property becomes unoccupied
- Where liability for the property changes

Amount of award

The amount of relief awarded will be dependant on the size of the empty space in the property.

Period of award

An award will apply for a 6 month period for industrial premises and 3 months for non industrial properties, unless it is ended by the changes in circumstance as listed above.

Hardship relief

Hardship relief will be awarded where the business is suffering from unexpected hardship which is outside of normal risks associated with the business. Reduction or remission of business rates on the grounds of hardship will only be awarded in exceptional circumstances.

Hardship relief is granted at the discretion of the Council which can reduce or remit the amount of business rates due, provided it is satisfied that:

- The ratepayer would sustain hardship if it did not do so; and
- It is reasonable for the Council to do so, having regard to the interests of its tax payers.

In what circumstances will relief be awarded?

The following factors will be considered:

- 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 will be taken into account.
- The interests of council tax payers in the area may be wider than direct financial interests. For example, where the employment prospects in the area would be severely worsened by a company going out of business, or the amenities of an area might be reduced.
- Where the granting of relief would have an adverse effect on the financial interest of the taxpayers, the case for reduction or remission may still, on balance, outweigh the cost to the taxpayers.
- The ratepayer must provide evidence of hardship e.g.: a severe loss in trade, a marked decline in trade compared to corresponding periods in previous years.
- The business must be viable for the foreseeable future i.e.: a period of 3 years.
- Whether the business provides goods and services which are of great benefit to the borough or the neighbourhood in which it is located, such as the business taking on apprentices or trainees, providing guaranteed interviews to young people of the Borough, or acting as an ambassador for the Borough to promote the area to their supply chain.

A business will not be considered for Hardship Relief in the following circumstances:

- Where the business is profitable
- Where the business has experienced a minor loss in trade in comparison to the annual turnover of the business
- Where the drawings / remuneration of the Director(s) or proprietor are above a 'reasonable' amount.

- Where the business is new and hardship relief is being requested to fund the initial progression of the business
- Where the property is empty
- Where a similar facility is already being provided within the same locality, or within a reasonable distance.

Prior to the award being made, the business is expected to have taken appropriate action to mitigate or alleviate their hardship by:

- Speaking to the Council's Business Support Team and/or taking professional business advice
- Reviewing their pricing structure
- Re-negotiating with creditors, including the landlord regarding rent (where appropriate)
- Have a business plan in place to address the hardship

How will a decision be made?

An application for relief must be made by completing the Council's hardship rate relief application form. Applications must detail the following;

- An outline of the reasons why relief should be given
- The impact on the business of not awarding relief
- The amount of expenditure attributable to rates
- A suggestion of the amount of rate relief that is being claimed.
- Copies of the last 3 years financial accounts should be submitted with the application.

Amount of award

The award will be for up to 100% of the business rates.

Period of award

Awards will only be granted for short periods of time; usually up to a maximum of 6 months.

Discretionary relief for charitable organisations

Where the organisation is a registered charity, 80% mandatory relief must be awarded to the organisation when the property is occupied. The Council will consider awarding up to an additional 20% in discretionary top up relief.

The following factors must be met:

- Where the organisation occupies a charity shop, the shop should sell mainly donated goods, and the net proceeds of the sale of goods should be applied to the purpose of the charity.
- The property must be wholly or mainly used for the organisations charitable purposes.
- The organisation must benefit the local residents of the Borough by the services or facilities that it provides i.e.: the business taking on apprentices or trainees, providing guaranteed interviews to young people of the Borough, or acting as an ambassador for the Borough.

In what circumstances will relief be awarded?

Applications will be considered favourably where:

- The facilities provided by the organisation allow the Council to invest in services elsewhere i.e.: the services that it provides enables the Council to divert resources that would have been used in this area into another service.
- The organisation has a demonstrable or measureable impact of a beneficial nature on the local community which it serves i.e.; how many residents of the borough benefit from the charitable work of the organisation. The organisation is accessible to members of the community throughout the borough. The extent to which the service is used by the community will also be considered.
- Training or education is provided by the organisation to residents or members of the organisation.

Where at least one of the above criteria applies, applications will then be considered further based on the nature of the charity and its objectives. The following will be considered favourably where they are specifically mentioned as the main aim and objective of the organisation within its articles of association or memorandum:

- Where the aims and objectives are specifically in the interests of children and young people, or those beyond the age of retirement
- Charities concerned with homelessness
- Charities concerned with arts and culture
- Charities that provide independent money advice free of charge

- Charities which provide work experience opportunities or employment training for young people, the long term unemployed or those with disabilities
- Charities that run or maintain public halls / community centres
- Organisations specifically formed to support disadvantaged groups such as people with disabilities, those with a terminal illness or drug or alcohol misuse

Relief will generally **not** be awarded in the following circumstances:

- Properties which are used for storage
- Properties which support overseas organisations
- Housing Associations
- Schools and other educational establishments
- Religious, faith or ethically based groups

How will a decision be made?

The organisation will be expected to provide the following in support of their application:

- A copy of the articles of association / memorandum which clearly state the objects of the organisation; and
- A copy of the last 3 years certified financial accounts. The financial position of the organisation may be taken into account.

Amount of award

The award will be for a maximum of 20% of the total business rates payable, but will be limited per organisation to £2,000 per financial year

Period of award

Any award will last a maximum of 3 years.

Discretionary relief for non profit organisations

A not-for-profit organisation is one that is not established or conducted for profit, whose objectives are charitable, but the organisation is not registered as a charity.

Whilst a registered charity can apply for an additional 20% discretionary relief, voluntary organisations can apply for up to 100% discretionary relief.

In what circumstances will relief be awarded?

Applications will be considered favourably where:

- The facilities provided by the organisation allow the Council to invest in services elsewhere i.e.: the services that it provides enables the Council to divert resources that would have been used in this area into another service.
- The organisation has a demonstrable or measureable impact of a beneficial nature on the local community which it serves i.e.; how many residents of the borough benefit from the charitable work of the organisation.
- The organisation is accessible to members of the community throughout the district. The extent to which the service is used by the community will also be considered.
- Training or education is provided by the organisation to residents or members of the organisation.

Where at least one of the above criteria applies, applications will then be considered further based on the nature of the charity and its objectives. The following will be considered favourably where they are specifically mentioned as the main aim and objective of the organisation within its articles of association or memorandum :

- Where the aims and objectives are specifically in the interests of children and young people, or those beyond the age of retirement
- Organisations concerned with homelessness
- Organisations concerned with the arts and culture of the Borough
- Organisations that provide independent money advice free of charge
- Organisations which provide work experience opportunities or employment training for young people, the long term unemployed or those with disabilities.
- Organisations that run or maintain public halls / community centres.

The following criteria will be used:

1. **Membership** – is membership open to all sections of the community within the borough? Membership fees must not be at a level where they exclude the general community. Membership of the organisation should be mainly resident in the borough.

2. **Education** – the organisation will provide training, education or learning to its members. The organisation will be treated favourably where the training delivered supports and reduces the Council's need to do so.
3. **Direct benefit to local residents** – the organisation should directly benefit the needs of the local citizens within the Borough. The organisation must show how it benefits the residents of the area. Examples could include the creation of job opportunities within the area.
4. **Provision of facilities** – does the organisation provide facilities which would not otherwise be available in the local community?

Relief will generally not be awarded in the following circumstances:

- Properties which are used for storage
- Properties which support overseas organisations
- Housing Associations
- Schools and other educational establishments
- Religious, faith or ethically based groups

How will a decision be made?

The organisation will be expected to provide the following in support of their application:

- A copy of the articles of association / memorandum which clearly state the objects of the organisation; and
- A copy of the last 3 years certified financial accounts. The financial position of the organisation may be taken into account. The income of the business will be considered, and the proportion of business rates on total expenditure.

Amount of award

Relief will be granted at a maximum rate of 100% for these organisations, but will be limited to a maximum of £2,000 per organisation per year

Period of award

Any award will last up to a maximum of 3 years.

Community Amateur Sports Clubs (CASC's)

CASC's are entitled to 80% mandatory relief. The Council will consider awarding up to an additional 20% in discretionary top up relief.

In what circumstances will relief be awarded?

Consideration will be given to the following factors:

- Whether membership to the organisation is open to all citizens of the Borough, including concessions for vulnerable groups such as young people or pensioners.
- The number of members, including the percentage that are residents of the Borough
- What benefit the organisation brings to the residents of the Telford & Wrekin Borough

The following criteria will be used:

1. **Membership** – is membership open to all sections of the community within the borough? Membership fees must not be at a level where they exclude the general community. Membership of the organisation should be mainly resident in the borough.
2. **Education** – the organisation will provide training, education or learning to its members. The organisation will be treated favourably where the training delivered supports and enhances the Council's need to do so.
3. **Direct benefit to local residents** – the organisation should directly benefit the needs of the local citizens within the borough. The organisation must show how it benefits the residents of the area. Examples could include the creation of job opportunities within the area.
4. **Provision of facilities** – does the organisation provide facilities which would not otherwise be available in the local community?

Where an amateur sports club is neither a registered charity, nor a CASC, the organisation will be encouraged by the Council to submit an application for either HMRC for CASC status or to the Charity Commission for charitable status. Absence of these either status will not automatically prevent an award of up to 50% from being granted. The above criteria will be considered, along with the reasons why CASC status or charitable status has not been awarded.

How will a decision be made?

Information will need to be provided which details the financial circumstances of the Club. This will include:

- Financial accounts for the last 3 years; and

- Where the premises is a bar and the sale of drink or food is conducted in the Club, the percentage of takings attributable to this in the overall income of the Club
- Funding streams which the club has received or is due to receive.

Amount of award

The award will be up to a maximum of 20% of the total business rates payable.

Period of award

Any award will last for up to a maximum of 3 years.

Rural rate relief

Mandatory rural rate relief at a rate of 50% is awarded to properties within a defined rural settlement which has a population of less than 3000; this is the Council's rural settlement list which is published by the Council at the end of December each year. The rateable value (RV) of the property will be:

- For a qualifying sole food shop, general store or post office, the RV will not exceed £8,500
- For a qualifying sole petrol filling station or pub, the RV will not exceed £12,500.

In what circumstances will relief be awarded?

Discretionary relief will be considered where;

- The RV of the property is below the limits as outlined above
- The property is used for the benefit of the local community
- The award of the relief is in the interests of the Council's taxpayers.

The following will be taken into consideration when deciding whether discretionary relief should be awarded:

- Whether the business employs a significant number of staff who are resident in the local community in which the business is located
- Whether there are any other suppliers of the service concerned which are easily accessible to residents within the rural settlement.

Awards for discretionary relief will be restricted to businesses with a net profit of less than £30,000 for the financial year that the application relates to.

How will a decision be made?

Applications will be determined no later than 30th September of the following financial year for which the relief is sought.

Every application must be accompanied by the latest trading accounts or equivalent / relevant documentation and evidence as to the proportion of expenditure attributable to rates. In determining the application, the Council will give some consideration to the financial viability of the business concerned, thereby having regard to the interests of the council tax payers in general. This will be balanced by the detrimental effect on the rural community should the business have to cease trading either as a direct or indirect result of not awarding relief.

Amount of award

The amount awarded will be up to 50% of the total business rates payable.

Period of award

An award will be made for up to a maximum period of 3 years.

Discount for shops, pubs and restaurants

The following discretionary discount will only be available for the 2014/15 and 2015/16 financial years only as per national government legislation

In what circumstances will relief be awarded?

Discretionary relief will be considered where;

The property must have a rateable value of £50,000 or less. The property must be wholly or mainly used for the purpose of a shop, restaurant, cafe or drinking establishment / pub.

Examples of properties which would qualify:

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemist, newsagent, hardware store, supermarkets etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops (such as carpet shops, double glazing, garage doors)
- Car / caravan show rooms, or second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries
- Hair and beauty salons (such as hair dressers, nail bars, beauty salons, tanning shops)
- Show repairs or key cutting shops
- Travel agents
- Ticket offices
- Dry cleaners or laundrettes
- Domestic repair services (such as TV or computers repair)
- Funeral directors
- Photo processing
- Dvd / video rental
- Tool hire or car hire
- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs or bars

The following examples would not qualify for the relief:

- Financial services (such as banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (such as estate agents, letting agents, employment agencies)

- Medical services (such as vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (such as solicitors, accountants, insurance agents / financial advisors, tutors)
- Post office sorting office
- A property which is not readily accessible to the visiting members of the public.

The above list is not exhaustive. Any properties which are used for other purposes will be considered on an individual basis by the Council.

How will a decision be made?

Each application will be considered on its own merits following receipt of a written application form.

Where any other types of relief are applicable to the property, these will be applied first. The relief will be applied against the net bill.

Amount of award

A maximum of £1000 will be awarded per property for each of the relevant financial years if the property is used for the purpose of a shop, restaurant or pub for the whole financial year.

Period of award

An award will be made for 2014/15 and 2015/16 only as per national government guidance.

Re-occupation relief

In what circumstances will relief be awarded?

Discretionary relief will be considered where;

- The property has been unoccupied for a period of at least 12 months.
- The property is a retail unit

And the property becomes occupied.

How will a decision be made?

Each application will be considered on its own merits. Applications must be made in writing. The Council must be satisfied that the property has been empty for over 12 months and will be used as a retail unit.

Amount of award

The amount awarded will be up to 50%.

Period of award

An award will be made for up to a maximum period of 18 months. However this will only apply for the 2014/15 and 2015/16 financial years as per Government legislation

New build empty property relief

In what circumstances will relief be awarded?

Discretionary relief will be considered where;

- all newly built commercial property is completed between 1 October 2013 and 30 September 2016. These properties will be exempt from empty property rates for the first 18 months, up to the state aids limits.

Properties that will benefit from the relief will be all unoccupied business properties which are wholly or mainly comprised of qualifying new structures.

How will a decision be made?

All applications will be considered on an individual basis. Each application must be made in writing.

Amount of award

An award up to 100% will be made.

Period of award

The award will be made for properties completed between 1 October 2013 and 30 September 2016 for the first 18 months following completion.

Appeals

All unsuccessful applicants will receive a letter detailing the reasons why their application has not been successful. If the ratepayer is dissatisfied with this decision, they can appeal in writing to:

Revenues and Benefits

PO Box 249

Addenbrooke House

Telford

TF3 4LP

An appeal should be received in writing within 4 weeks of the date of the decision regarding the award or refusal of a discretionary relief. The appeal letter should detail the reasons for the appeal and also provide any additional supporting information which may assist the decision maker in support of the appeal.

Requests for appeals will be considered against unsuccessful applications or against the level of discretionary rate relief awarded where a partial awarded has been granted.

Appeals will be dealt with by an Assistant Director, and the decision will be notified within 14 days of a decision being made.

Where the taxpayer remains dissatisfied with the decision, the appeal route is by way of judicial review.

Business rates remain payable as demanded whilst applications for relief are being considered.