

Coventry City Council

Non Domestic Rates Policy for all Discretionary
Relief – (excluding charities & not for profit
organisations)



Introduction

- A National Non-Domestic Rate (NNDR) is payable on all non-domestic properties.
- The amount payable is calculated by multiplying the rateable value (set by the Valuation Office Agency) with a national multiplier (which is increased each year by the retail price index). Councils are responsible for the collection of rates and any business rate growth or loss is shared between Central Government, the Council and its preceptors.
- Changes to local government finance now mean that the income from business rates more directly impacts on the Council's financial position. As part of the central government funding process for local authorities, councils now retain 50% of all business rates income collected.
- The Council has several areas where it can exercise its discretion to provide reductions to the amount of business rates that are due to be paid.

This policy document outlines the areas of local discretion and the Council's approach to:

- Hardship Relief
- Partly Occupied Relief
- Discretionary relief – Section 47 LGFA 1988 (unlimited reasons)
- Retail Relief
- New Build exemption
- Reoccupation Relief
- The Council has ultimate discretion in considering an application.
- This policy provides an overarching framework for discretionary relief in order that the Council's decision-making in respect of relief may be fair, consistent and transparent.
- Where Hardship Relief (Section 49) and Part-occupation relief (Section 44a) are awarded the Council is responsible for 49 per cent of the cost of funding any relief. Therefore, any relief awarded represents a direct cost to council tax payers in the City.
- Discretionary relief, extended powers under the LGFA 1988, if awarded, is fully funded by the Council. This policy seeks to ensure that the discretionary scheme is fair, transparent and ultimately affordable to the Council and the local council tax payers that it serves. However, if Retail Relief, New Build exemption and Re-Occupation Relief are awarded, these are fully funded by the Government by way of a Section 31 grant of the Local Government Act 2003.

1.Hardship Relief

General Principles

Section 49 of the Local Government Finance Act 1988 gives the billing authority (the Council) power to reduce or cancel rates (in occupied or unoccupied properties) where:

- the Council is satisfied that the ratepayer would sustain hardship if it did not reduce or remit the rates; and
- it is reasonable to make such a decision having regard to the interest of local council tax payers.

1.1 Key Criteria:

- Each case should be considered on its own merits
- The test of hardship need not be confined to financial matters; all relevant factors should be considered, including the impact on the local community
- The interest of council tax payers should be viewed wider than the direct financial cost to business ratepayers

1.2 Claiming Hardship Relief

- Applicants are required to complete an application form for rates to be reduced or cancelled because of hardship.
- Applicants must include copies of trading accounts and bank statements.
- Applications will be considered by the Senior Operations Manager (Revenues).
- The Council may request additional information in support of an application. If supporting information is not provided within one calendar month from the date of request the Council may deem the application to be unsuccessful.

1.3 Maximum award

The Council can award between 1% to 100% relief.

1.4 Notification

The Council will inform customers, by letter or email, of the outcome of their application within seven days of making a decision.

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

- a. The amount of Rate Relief to be awarded for the period.
- b. Details of when an amended Non Domestic Rate Demand will be issued.

Where the application is not successful, the notification will provide full reasons for the decision and confirm the applicant's right to request a review of the decision (see Reviews & Appeals).

1.5 Requirement to make payment of amounts falling due

Ratepayers must continue to pay any amount of business rates that falls due pending the outcome of the application. The Council may apply its normal recovery procedures in cases where payments are not received.

2. Section 44A Part Occupied Property Relief

General Principles

Section 44a of the 1988 Act enables a billing authority (the Council) to grant relief on a property that is partly occupied or not fully occupied, so long as the situation exists for a short time only.

Full rates will remain payable on a partly occupied property if the authority chooses not to exercise its power in this respect.

2.1 Key Criteria

The permanency of the situation needs to be ascertained. In some cases it may be appropriate to request the Valuation Officer to split the assessment.

The Council will consider whether granting the relief will be beneficial to both Council Tax payers & Non Domestic Ratepayers. Some examples where it may be deemed reasonable to award the relief are:

- Where full occupation is being phased in over a period of time; this may be due to relocation to the City.
- Where there are difficulties in occupying the whole of the property due to short term practical or financial restraints.
- Temporary occupation, for example due to remedial building or refurbishment works, fire damage or similar.

2.2 General exclusions

In general terms the following conditions are unlikely to be awarded relief:

- Full vacation occurring in stages over a period of time, taking business out of the City.
- Where there is no intention to occupy the whole of the property.
- Where the property has already received the benefit of the relief for the same area in the previous financial year.
- Where unoccupied areas are continuously rotated to consecutively apply for the relief.

2.3 Business Case

If a ratepayer is moving to different parts, within the same property more than once, the Council will require a business case to be submitted in support. This will need to explain clearly why such changes to the business are required and the reason this results in another part of the premises being temporarily unoccupied.

2.4 Claiming Section 44a

All applicants are required to complete an application form available on the Council's website.

The Council may request additional information in support of an application. If supporting information is not provided within 1 calendar month from the date of request the Council may deem the application to be unsuccessful.

2.5 Retrospective Claims

Relief will only be considered if the Council has the opportunity to conduct a visit during the period requested.

Relief will not normally be awarded in respect of any period prior to the day an application is made except where:

- The applicant is newly liable for business rates and an application is received within 1 calendar month of the new liability arising or
- There are exceptional circumstances and the ratepayer can demonstrate good cause for not submitting the application earlier

No consideration shall be given to an award for a retrospective period where the Council is not able to verify to its satisfaction that the circumstances giving rise to the application pertained for that period.

2.6 Inspector's Visit

A visit to the property for which relief is sought will need to be made by a Revenues Inspector

2.7 Maximum Award

The relief will cease on the day one of the following arises:

- the occupation of any area of the unoccupied parts of the premises;
- the ending of the rate period in which the apportionment was requested;
- a further apportionment is required; or
- the area becomes completely occupied.

2.8 Notification

A letter of notification will be sent to the ratepayer and an amended bill issued to show the:

- period of the award; and
- amount of the relief

The letter will also inform the ratepayer that regular unannounced visits to the premises will be made by council inspectors and that the Council must be informed immediately of any change of circumstances that may affect the relief.

Where the application is not successful, the notification will provide full reasons for the decision and confirm the applicant's right to request a review of the decision (see Reviews and Appeals).

3. Discretionary relief – Section 47 LGFA 1988 (Unlimited reason)

General Principles

Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 allowing local authorities to reduce the business rates of any local ratepayer for any reason, not just those that can currently be granted discretionary rate relief. The local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area.

3.1 Key Criteria

Relief may be granted for any reason and therefore specific criteria cannot be listed as each application will be considered on its own merits. However, whilst the council needs to meet the full cost of any relief awarded, it may be that the immediate cost of the relief is outweighed by the long-term benefit i.e attracting growth and jobs to the area.

3.2 Claiming Relief

All requests for relief must be made in writing.

The Council may in any circumstances verify any information or evidence provided by the ratepayer by contacting third parties, other organisations and the ratepayer.

Where the request does not contain sufficient information, the Council will contact the ratepayer to seek any missing information or clarification where it is necessary.

The Council may request additional information in support of an application. If supporting information is not provided within one calendar month from the date of request the Council may deem the application to be unsuccessful.

3.3 Maximum award

The Council can award any amount up to 100% relief.

3.4 Finance

Any award of relief under these new powers would have to be funded entirely at the Council's cost. There is currently no budgetary provision for meeting the cost of any such award.

Therefore any decision to award relief will be made by the Head of Revenues & Benefits in conjunction with the Assistant Director (Finance, Revenues and Benefits).

3.5 Notification

The Council will inform the customer applying, in writing (or email), of the outcome of their application within seven days of making a decision.

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

- The amount of Rate Relief to be awarded for the period.
- Details of when an amended Non Domestic Rate Demand will be issued.

Where the application is not successful, the notification will provide full reasons for the decision and confirm the applicant's right to request a review of the decision (see Reviews and Appeals).

3.6 Requirement to make payment of amounts falling due

Ratepayers must continue to pay any amount of business rates that falls due pending the outcome of the application. The Council may apply its normal recovery procedures in cases where payments are not received.

4. Retail Relief

General Principles

The Government announced in the Autumn statement on 5th December 2013 that it will provide relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.

As this is a measure for 2014-15 & 2015-16 only, the Government is not changing legislation, however it will reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under Section 47 of the Local Government Finance Act 1988, as amended) to grant relief in line with the eligible criteria. Central government will fully reimburse LA's for the local share of the discretionary relief using a grant under Section 31 of the Local Government Act 2003.

Properties that will benefit from the relief will be occupied properties with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

The Department for Communities & Local Government has issued a guidance note outlining what they consider shops, restaurants, cafes & drinking establishments to mean which include properties used for the sale of goods, provision of services and those used for the sale of food and/or drink to visiting members of the public. As examples these include:

- Shops (florists, bakers butchers, supermarkets, furniture etc.
- Charity shops
- Opticians
- Second hand car lots
- Markets
- Petrol stations
- Hair/beauty services
- Travel agents
- Dry cleaners
- Electrical sales
- Pubs/bars/restaurants
- Takeaway/sandwich shops

This list is not exhaustive and it is up to individual councils to determine whether particular properties not listed in the guidance notes are broadly similar in nature and if so, to consider them for relief. As the relief is discretionary, the Council may choose not to grant relief if it considers that to do so would go against the authority's wider objectives for the local area.

The government does not consider properties that are being used for the provision of the following services to visiting members of the public to be eligible for relief:

- Financial services (banks, building societies, payday lenders, betting shops, pawn brokers)
- Other services (estate agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors etc.)
- Professional services (e.g. solicitors, accountants, insurance/financial advisers)
- Post office sorting office
- Properties that are not reasonably accessible to visiting members of the public

The maximum relief awarded will not exceed the net rate liability after all other reliefs.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits*.

The scheme adopted for Coventry was:

- All possible retail properties with a rateable value of £50,000 or less identified through the property description shown in the Rating List
- Local knowledge and internet searches to confirm usage
- Visits undertaken by inspectors
- State Aid declaration sent to all recipients

4.1 Claiming Retail Relief

New applicants are required to complete an application form.

When considering an application the following factors will be taken into consideration:

- Usage of the property meets the criteria
- Visit by inspector if required
- Local knowledge & internet searches

4.2 Maximum Award

The total amount of government funded relief available for each property for each of the years under this scheme is £1,000. The amount does not vary with rateable value and there is no taper. There is no relief available for properties with a rateable value of more than £50,000.

The relief will be applied against the net bill after all other reliefs.

4.3 Notification

Where the application is successful, an amended non domestic rate demand will be issued.

Where the application is not successful the notification will provide full reasons for the decision and confirm the applicant's right to request a review of the decision.

4.4 Requirement to make payment of amounts falling due

Ratepayers must continue to pay any amount of business rates that falls due pending the outcome of the application. The Council may apply its normal recovery procedures in cases where payments are not received.

5. New Build Empty Property Relief

General Principles

The Chancellor announced in his Autumn Statement on 5 December 2012 that all newly built commercial property completed between 1 October 2013 and 30 September 2016 will be exempt from empty property rates for the first 18 months, up to the state aid limits*. As this is a temporary measure, the Government is not changing Legislation, although a guidance note has been provided.

The property does not have to be empty on the valuation date or continuously unoccupied to qualify and separate empty periods will be allowed up to the 18 month period.

Properties that will benefit from the relief will be unoccupied non domestic hereditaments that are wholly or mainly comprised of qualifying new structures.

Structures means:

- Foundations and/or
- Permanent walls and/or
- Permanent Roofs

New means:

- Completed less than 18 months previously **and**
- Completed after 1 October 2013 and before 30 September 2016

5.1 Claiming Empty New Builds

All applicants are required to complete an application form available on the Council's website.

In terms of considering whether a property is 'wholly or mainly' comprised of qualifying new structures, the intention is that 'mainly' means that more than half of the property consists of a qualifying new structure.

5.2 Maximum Award

100% relief from unoccupied charge for the first 18 months, subject to state aid limits. A declaration form will need to be completed by the ratepayer.

5.3 Notification

Where the application is successful, a non-domestic rate demand will be issued showing the:

- period of relief; and
- amount of relief awarded

Where the application is not successful, the notification will provide full reasons for the decision and confirm the applicant's right to request a review of the decision (see Reviews and Appeals).

5.4 Requirement to make payment of amounts falling due

Ratepayers must continue to pay any amount of business rates that falls due pending the outcome of the application. The Council may apply its normal recovery procedures in cases where payments are not received.

6. Re-Occupation Relief

General Principle

The Government announced in the Autumn Statement on 5th December 2013 that it would provide a 50% business rates discount for 18 months for businesses moving into previously empty retail premises between 01 April 2014 and 31st March 2016 up to State Aid De Minimis limits*.

As this relief is temporary the Government is not changing legislation, although a guidance note has been provided.

Properties that will benefit from the relief will be occupied properties that:

- When previously in use, were wholly or mainly used for retail and
- Were empty for 12 months or more immediately before their occupation; and
- became re-occupied between 1 April 2014 and 31 March 2016

And are being used for any use (i.e. not just retail use) except as detailed below

- Betting shops
- Payday loans
- Pawn Brokers

If a new property has been created by a split or merger of an existing property (s) the new property (s) will be eligible for the Re-occupation Relief where at least half of the floor area of the new assessment is made up of retail space that has been empty for 12 months or more.

If a property that is in receipt of Re-occupation Relief splits or merges to form a new property (s), the new property (s) will not be eligible for the remaining term of Re-occupation Relief.

Where Re-occupation Relief has been granted on a property and it becomes unoccupied for any period of time less than 12 months, it will not be eligible for any further Re-occupation Relief on occupation. However, if a property that has previously received Re-occupation Relief becomes empty for 12 months or more, it will be eligible for an additional 18 months Re-occupation Relief if the criteria are met.

The relief will run with the property rather than the ratepayer. So if a property is in receipt of Re-occupation Relief and a new ratepayer becomes liable for the property they will benefit from the remaining term of the relief, subject to the new ratepayer's State Aid de minimis limits*.

6.1 Claiming Re-occupation Relief

There is no application form for this relief. However, there is an internal checklist that needs to be completed for each application to ensure that the criteria are met. If the criteria are met, a State Aid de minimis declaration form will need to be completed by the ratepayer.

6.2 Maximum Award

50% discount for occupied charges for 18 months

6.3 Notification

Where the application is successful, a non-domestic rate demand will be issued to show:

- Period of relief
- Amount of relief awarded

Where the application is not successful, a letter will be sent providing full reasons for the decision and confirming the applicant's right to request a review of the decision.

6.4 Requirements to make payment of amounts falling due

Ratepayers must continue to pay any amount of business rates that falls due pending the outcome of the application. The Council may apply its normal recovery procedures in cases where payments are not received.

7. Reviews and Appeals (all reliefs)

The Senior Operational Manager will normally take decisions on the award or otherwise of Hardship Relief, and of Section 47 (unlimited reasons) relief (in the latter case, in conjunction with the Head of Revenues & Benefits). With regard to all other reliefs, the decision to award or otherwise will be made by the Business Rates Team following set guidelines and overseen by the Senior Operational Manager (Revenues). All decisions will normally be final except as set out in this paragraph. An applicant may make a request for a review of a decision but only where either;

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

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

In the cases of Hardship Relief and Section 47 (unlimited reasons) relief, a review will be conducted by the Head of Revenues & Benefits in consultation with the Assistant Director (Financial Management).

All other cases will be reviewed by the Head of Revenues & Benefits.

8. Payments

All awards of relief will be credited against the applicant's business rate account to reduce the amount payable.

**€200,000 to any one business over any three year period.*