

Coventry City Council

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



Version	Author	Approved by	Date approved
1.0 final draft	Karen Holtom and Joy Smith	To be approved by Cabinet Member SFAR	Due to be considered 3 August 2017

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.

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 69 The Localism Act 2011 (unlimited reasons)
- New Build exemption
- Pubs Relief
- Local Newspaper Relief
- Supporting Small Businesses Rate Relief
- Revaluation Support 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.

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 Inspectors 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 69 The Localism Act 2011 (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 there is a cost implication to the council in awarding relief, 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

. 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 Service in conjunction with the Director, Finance and Corporate Services.

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 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

4.1 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.

4.2 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.

4.3 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).

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. Pubs Relief

General Principles

The Government announced in the Spring statement on 8th March 2017 that it will provide a discount of up to £1,000 to public houses with a rateable value of less than £100,000 for the financial year 2017/18.

As this is a measure for 2017/18 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 eligible criteria. Central Government will fully reimburse local authorities for the local share of the discretionary relief using a grant under Section 31 of the Local Government Act 2003.

5.1 Key Criteria

Properties that will benefit from the relief will be occupied properties with a rateable value of less than £100,000 that are used as a public house.

The Department for Communities & Local Government has issued a guidance note outlining what they consider a public house to mean. Eligible public houses should:

- be open to the general public
- allow free entry other than when occasional entertainment is provided
- allow drinking without requiring food to be consumed
- permit drinks to be purchased at a bar

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

- restaurants
- cafes
- nightclubs
- hotels
- snack bars

- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- concert halls
- casinos

This list is not exhaustive and it is for local authorities to determine whether particular properties not listed in the guidance notes are eligible for the relief, having considered broader factors.

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*.

5.2 Claiming Pubs Relief

New applicants are required to complete an online application form available at: <http://www.coventry.gov.uk/businessrates>.

5.3 Maximum award

The total amount of Government funded relief available for each property under this this scheme is £1,000.

The maximum relief awarded will not exceed the net liability.

5.4 Notification

Where the application is successful, a revised bill 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.

5.5 Requirement to make payment of amounts falling due

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

6 Local Newspaper Relief

General Principles

The Government announced in the Autumn statement on 23rd November 2016 that it will provide a discount of up to £1,500 per year for 2 years from 1st April 2017, to office space occupied by local newspapers.

As this is a measure for 2017/18 and 2018/19 only, the Government is not changing legislation, however it will reimburse local authorities that use its discretionary powers, introduced by the Localism Act (under Section 47 of the Local Government Finance Act 1988, as amended) to grant relief in line with eligible criteria. Central Government will reimburse local authorities for their share of the discretionary relief under the rates retention scheme.

The purpose of the relief is to assist local newspaper publishers as they adapt to industry changes from print to digital and maintain a local physical presence.

6.1 Key Criteria:

- The property must be occupied by a local newspaper title and used wholly or mainly as offices for journalists and reporters.
- The local newspaper can be chargeable or free.
- Only one discount is available per local newspaper title and per property
- State Aid limits apply

6.2 Exclusions:

- Local council newspapers
- On-line only publications
- Local magazines

6.3 Claiming Local Newspaper Relief

There is no application form. Applicants should apply for the relief in writing to the Business Rates Team confirming that they satisfy each of the eligibility criteria.

6.4 Maximum Award

The total amount of government funded relief available is £1,500 for each financial year 2017/18 and 2018/2019 for one local newspaper title and property.

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

6.5 Notification

Where the application is successful, a revised bill 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.

6.6 Requirement to make payment of amounts falling due:

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

7. Supporting Small Businesses Rate Relief

General principles

The Government announced in the Spring Statement 8th March 2017 that it will provide relief to those ratepayers facing large increases in business rates charge as a result of the loss of Small Business Rates Relief due to the revaluation effective 1st April 2017. This relief is in addition to the Transitional Relief arrangements introduced 1st April 2017.

The Government is not changing legislation and will reimburse local authorities that use its discretionary powers, introduced by the Localism Act (under Section 47 of the Local Government Finance Act 1988, as amended) to grant relief in line with eligible criteria. Central Government will reimburse local authorities for their share of the discretionary relief under the rates retention scheme.

7.1 Key Criteria

To support ratepayers losing some or all of their small business rates relief as a result of the revaluation, the Supporting Small Businesses Rate Relief will ensure that the increase per year in charge is limited to the **greater** of:

- a. A percentage increase per annum of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 plus inflation. Unlike the Transitional Relief scheme, for the first year of the scheme the percentage increase is taken against the charge for 31st March 2017 after Small Business Rate Relief, or
- b. A cash value of £600 per financial year. This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after Small Business Rate Relief are brought into paying something.

This means that in the first year of the scheme all ratepayers losing some or all of their Small Business Rate Relief will see the increase in their charge capped at £600. The cash minimum increase is £600 per financial year thereafter. As a result ratepayers who have paid nothing under Small Business Rate Relief and are losing some or all of their entitlement to Small Business Rate Relief (i.e. moving from £6,000 rateable value or less to more than £15,000) will be paying £3,000 in year 5.

Those ratepayers on the Supporting Small Business Relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the small business supplement (1.3p 2017/18) to fund Small Business Rate Relief while they are eligible for the Supporting Small Businesses Relief scheme.

Ratepayers will remain in the Supporting Small Businesses Relief scheme for either 5 years from 1st April 2017 or until they reach the charge they would have paid without the Supporting Small Businesses scheme. A change of ratepayer will not effect eligibility for the Supporting Small Businesses Rate Relief scheme but eligibility will be lost if the property becomes unoccupied or occupied by a charity or Community Amateur Sports Club.

Relief will be recalculated on any changes to the rateable value.

7.2 Eligibility Criteria:

- The ratepayer has lost some or all entitlement to Small Business Rate Relief as a result of the 2017 Revaluation.
- The property is occupied.
- State Aid limits apply

7.3 Exclusions:

- The property is unoccupied.
- The property is occupied by a charity or a Community Amateur Sports Club.

7.4 Claiming Supporting Small Businesses Rate Relief

There is no application form. Entitlement to Supporting Small Businesses Relief is automatically calculated and granted to eligible ratepayers.

7.5 Notification:

A revised bill will be issued showing any entitlement.

8 Revaluation Support Relief

General Principles

The Government announced in the Spring Statement 8th March 2017 that it will provide funding to local authorities to provide additional relief to support businesses in their area over a period of 4 years from 1st April 2017.

Local authorities are expected to develop their own eligibility criteria to award relief from the funding targeting local businesses suffering adversely as a result of the Revaluation undertaken by the Valuation Office Agency which came into effect 1st April 2017.

The Government is not changing legislation and will reimburse local authorities that use its discretionary powers, introduced by the Localism Act (under Section 47 of the Local Government Finance Act 1988, as amended) to grant relief in line with their own eligible criteria. Central Government will reimburse local authorities for their share of the discretionary relief under the rates retention scheme.

8.2 Key Criteria

- Businesses facing an increase of at least 1% in their business rate bills following the revaluation
- The amount of relief provided to eligible businesses will be equivalent, in year one, to 100% of their increased liability. In the remaining 3 years this amount will be adjusted.
- Properties must be occupied
- Rateable value must be between £12,000 and £100,000

- Multiple properties occupied by the same ratepayer where total of the rateable values do not exceed £100,000
- Relief will be recalculated on any changes to the rateable value
- state aid limits apply

8.3 General Exclusions

In general terms the following organisations are unlikely to be granted DRR:

- Excepted hereditaments within the meaning of s47 Local Government Finance Act 1988 and wider public sector premises
- Properties occupied by multinational and national chain companies
- National charities or charities not local to Coventry
- Doctors surgeries or health centres (funded by NHS)

8.4 Claiming Revaluation Support Relief

There is no application form. Entitlement to Revaluation Support Relief is automatically calculated and granted to eligible ratepayers.

However, if a ratepayer believes they may qualify and has not been awarded relief they should request a review.

8.5 Notification

A revised business rate bill will be issued showing any entitlement.

9. Reviews and Appeals (all reliefs)

The Senior Operational Manager will normally take decisions on the award or otherwise of Hardship Relief and approved by the Head of Service. Decisions to award Section 47 (unlimited reasons) will be made by Head of Service in conjunction with the Director, Finance and Corporate Services.

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 Service in consultation with the Director, Finance & Corporate Services .

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

10. Payments

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