

NORTHUMBERLAND

Northumberland County Council

Revenues and Benefits Service Rate Relief Policy

Introduction

1. This policy applies to National Non-Domestic Rates (Business Rates) and provides the framework under which applications for rate relief will be considered.
2. Rate Relief can be either mandatory, discretionary or both.
3. The policy specifies the factors that will be considered when deciding if an award can be made. Each case will be treated strictly on its merits and all customers will be treated equally and fairly.
4. The policy has been revised to take account of changes made by the Local Government Finance Act 2012 where the costs of granting additional mandatory and/or discretionary relief from 1/4/13 onwards is met by way of a 50/50 split with central government.

Policy Aims

5. The aim of this policy is to ensure consistent and transparent decision making in relation to the discretionary elements of Rate Relief. The policy is intended to provide evidence that the interests of the council tax payer in granting rate relief are well served.
6. Awards should be consistent with wider Council and community objectives and provide greatest support to those organisations with closest alignment with those objectives.
7. This policy applies agreed criteria through a combination of some set awards for certain categories of organisation and a scoring matrix to determine the level of award for others.

Policy

8. The policy relates to awards concerning:
 - Rural Rate Relief
 - Charities and Not for Profit Organisations
 - Hardship Relief
 - Section 44A (relief on the grounds of part occupation)
 - New Build Empty Property Relief
 - Retail Relief
 - Reoccupation Relief

Overview – Discretionary Rate Relief

9. The Council is empowered to offer a range of discretionary relief's against non-domestic (business) rates. The cost of granting these reliefs is borne both by central government and the Council and this is determined by the type of relief and the organisation. These reliefs, and the costs associated with them, are as follows:

Relief granted up to 31/3/13:

Relief - target	Cost to Council	Cost to Govt.
Rural business	25%	75%
Hardship	25%	75%
Partly Occupied Property	0%	100%

Charities – 20% top up to mandatory relief	75%	25%
Not for profit organisations and sports clubs	25%	75%

Relief granted after 1/4/13:

Relief - target	Cost to Council	Cost to Govt.
Rural business	50%	50%
Hardship	50%	50%
Partly Occupied Property	50%	50%
Charities – 20% top up to mandatory relief	50%	50%
Not for profit organisations and sports clubs	50%	50%

Where relief is granted under Section 47 (Discretionary Relief) to organisations that are situated in an area designated as an Enterprise Zone 100% of the cost of relief will be funded by the government. In addition, 100% of the cost for the New Build Empty Property Relief scheme, Relief for Occupied Retail Property and Reoccupation Relief will be funded by the government.

10. The legislation that provides these reliefs allows the Council broad opportunity to exercise its discretion in how much to grant and under what circumstances. This discretion is welcomed but presents its own problems in that ratepayers and the general public need to be assured that decisions are taken equitably and openly and that Council money is directed appropriately.
11. To be effective the policy should ensure the greatest community gain from the finite funds the Council has available. The criteria should enable the Council to;
 - direct funds in accordance with the Council and community priorities
 - allow transparent and consistent decision making
 - assist businesses/organisations by making clear the criteria that they will be judged against, allowing them to adjust their business or organisational objectives to fit with the aims of the council, should they so wish
 - provide some protection against dispute
12. The criteria should be reviewed at such time that there is any substantial change in direction for the Council's Corporate Strategy.
13. In each case the applicant ratepayer will be expected to provide financial and other details in support of their application without which the application will be refused.

Rural Rate Relief

14. The Local Government and Rating Act 1997 (as amended) provides for relief to qualifying rural business properties. The relief is provided under two broad categories:
 - **mandatory relief** - 50% for qualifying rural businesses – sole general store, post office, petrol filling station, public house or any food shop
 - **discretionary relief** – up to 100% for other rural business or as a top up to mandatory relief.

15. The legislation provides the basic tests for the discretionary relief, though it falls to individual authorities to establish more detailed awarding criteria should they wish to.
16. The legislation provides for the relief to be granted where:
- The property falls within an identified rural area. To define this area the Council is required to establish and maintain a Rural Settlement List.
 - Applications of relief as a top up to mandatory the rateable value of the post office, general store and food store must be £8,500 or less. For the Public House and Petrol Filling Station the rateable value must be £12,500 or less
 - For any other business the rateable value is not more than the specified threshold - currently £16,500 for 2011/12 for discretionary relief only applications
 - The property is not a qualifying general store, post office, petrol filling station, public house etc (these qualify for mandatory relief and can apply for a discretionary top-up)
 - The property benefits the local community; and
 - It is reasonable to award relief having reference to the council tax payers that part-fund the scheme.
17. Whilst many of these criteria are easily tested the degree of community benefit is subjective. Without judging criteria any decisions may be viewed as arbitrary and become subject to dispute. By specifying the criteria, the Council can direct financial support in a way that meets the objectives of the Corporate Strategy and provides some measure of community benefit and reassurance that the interests of the council tax payer are met.
18. The criteria will enable decisions to be based on the relative worth of a small range of key community benefits.
19. The key criteria, based on community benefits and linking to the Council's priorities and objectives, are:

Community Benefit	Reason for including	Corporate Strategy
Scarcity of service/business provision	Recognise limitations of access to sparse local services	Grow Northumberland's economy
Employment	Providing employment opportunities	Grow Northumberland's economy
Additional community services	Business extends beyond its core activity to support communities	Grow Northumberland's economy
Business aimed at serving local community – within County and up to 5 miles beyond boundary	Helps maintain viability of communities and assists community cohesion whilst recognising that some communities extend beyond the County boundary	Grow Northumberland's economy
Business aimed at tourism and culture	Links to tourism led regeneration and supporting cultural heritage	Grow Northumberland's economy

Community Benefit	Reason for including	Corporate Strategy
Provides visitor accommodation	Encourages provision of overnight visitor accommodation and supports tourism led regeneration	Grow Northumberland's economy
Supports healthy/active lifestyles	Encourage healthy activity either by local people or visitors	Promote Health and well being
Provides services to other local business or promotes local produce/products	Supports other local business – strengthens local economy	Grow Northumberland's economy
Provides essential basic community need	Support basic needs of settlement - nursery, dentist, newsagent, hairdresser, repairing garage	Support and enable our residents, families and communities

20. Discretionary relief up to a maximum of 100% of the 50% rates liability will be awarded where the ratepayer is in receipt of mandatory rural relief. Any other rural business not in receipt of rural mandatory relief will be considered for relief up to a maximum of 50% of the rates liability.
21. The award levels criteria are shown at the end of this report together with the award levels in appendices 1 and 2.

Charities and Not For Profit Organisations

22. The Local Government Finance Act 1988 (as amended) provides for relief to charities under Section 43 and not for profit organisations under Section 47. The relief is provided under two broad categories:
- **mandatory relief** - 80% for qualifying charitable organisations and community amateur sports clubs (this relief is centrally funded)
 - **discretionary relief** – up to 100% for not for profit organisations including a top up to mandatory relief. To be eligible for consideration the ratepayer must be a non profit making body and the property used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or fine arts, or used wholly or mainly for recreation by a not for profit club or society.
23. The legislation provides basic qualifying criteria. The Council is free to determine the basis for any award itself.

Criteria for Charities and Not For Profit Organisations

24. The criteria shown below and expanded on in appendices 1 and 2 are to be applied to all applications that are not automatic awards (see paragraph 33).

General criteria

25. The following criteria are to be used to determine applications. The criteria are based on establishing community value of the organisation and demonstrating consistency with Corporate Strategy priorities. The criteria support the following Council delivery priorities; Respect and Enhance our Environment, Grow Northumberland's Economy, Empower residents, families and communities, Promote Community Health and well being.

26. Applications are considered by scoring against the following criteria. Appendices 1 and 2 show the weighted scoring and award levels based on that scoring.

Community Benefit	Reason for including
Majority of users/membership from within County or surrounding area (5 miles of boundary)	Target support for local communities but recognise that some communities extend beyond the County boundary
Openness of use/membership	Whilst some limitations may be legitimate, through sporting ability perhaps, broad access should be provided
Encouraging users/membership from particular groups	Provide directed support to the disadvantaged or those requiring greater assistance to access opportunities
Reasonable membership fees	Fees not at a restrictive level
Facilities used by the community/other organisations	Rate relief would provide wider benefits
Affiliation to local or national representative bodies	Demonstrates the standing of the organisation
Education, training, coaching provided	Encourages personal development and increased employment/health prospects
The organisation attracts grant aid or raises income through fund raising	Be consistent and complementary in support of organisation
The service supports or assists in the provision of a service to help the Council to achieve its objectives?	Meets legitimate community need and frees the resources of other organisations. This may be where the need is new and has been identified as a community priority.

Automatic Awards

27. The Council has identified certain types of organisation that make a significant contribution to the County and its residents. In addition to the mandatory relief to which they are entitled and in recognition of the contribution that these organisations make, a 20% top-up of discretionary rate relief will be awarded in all cases. In order to ease the administration of these types of applications the qualifying criteria will be accepted as being met unless the following apply:
- The majority of users that benefit are not Northumberland residents
 - There is a restricted access to the service or facility
 - The fees/costs or membership are excessive or restricted.

In such cases a reduction in relief of 5% will be made for each element

The organisations that will receive automatic relief are:

- Village Halls / Community Centres
- Scouts / Guides / Youth Clubs
- Leisure Centres

These organisations will be identified from their applications and supporting information.

28. Village Halls / Community Centres
Village Halls and Community Centres are an important asset within local communities and especially to the rural communities of Northumberland.

Supporting these organisations, supports the Council's Corporate Strategy in promoting sustainable communities.

29. Scout/Guide/Youth Groups

These types of organisations provide a valuable framework of education and activities in order to engage the young people of the County to participate in positive activities, which develop their social skills, interests and talents. This supports the Council's objectives.

30. Leisure Centres

Leisure Centres are an essential part of the community and support the council's corporate objectives. They support a number of Council corporate objectives offering affordable access to activities to improve the health of the residents of Northumberland. This supports a number of corporate objectives.

31. All other applications for discretionary relief will be scored in accordance with the Council's rate relief criteria in appendices 1 and 2.

32. Certain organisations or types of property may meet the essential criteria in order to be able to apply for relief, however, they either, do not support the objectives of the Council or it is not in the interest of council tax payers to grant the relief. Applications from the following organisations will, therefore, not be supported in an application to receive top up discretionary relief:

- Schools, Learning Partnerships, Academies or similar. These organisations are centrally funded through the direct schools grant (these organisations will still be eligible to receive 80% mandatory relief).
- Community Asset Transfer arrangements after 1/4/12 (these organisations will still be eligible to receive 80% mandatory relief). This refers to the transfer of a service or a function that was previously provided by the Council and transferred to a charitable organisation. The Lead Executive Director - Corporate Resources shall have the power to waive this decision, in conjunction with the Executive Member for Corporate Resources, where the transfer under the Community Asset Transfer arrangements is seen to positively assist the County Council in achieving its objectives in a more cost-effective way and not to do so could cause unnecessary financial hardship to the community organisation.
- Housing Associations (these organisations will still be eligible receive 80% mandatory relief). This exclusion applies to administrative offices but does not include applications in respect of community based projects.

Specific situations

33. It is possible for the nature of the organisation to be at conflict with agreed community and Council objectives, for example, equalities and diversity, health inequalities and/or value for money for the local council tax payer. These conflicts require additional criteria to assist decision-making in specific situations.

34. **Existence of a bar** - A significant feature that should be taken into account in determining any relief is the existence of a bar and the significance of that bar against any other activity of the organisation. It could be viewed as

inequitable to the council tax payer to support organisations whose dominant activity is the operation of a bar. Such support would not be consistent with promoting the Health & Wellbeing priority objective.

35. The initial test for the ratepayer, when applying for relief, is to establish the dominant objective of the organisation. For example, the dominant purpose may be to run a bar and premises for meeting purposes, such as a club or institute. Or, the operation of a sports club with a bar may be ancillary in purpose to the furtherance of sporting activity.
36. No Relief will be granted where the dominant objective of the organisation is the operation of a bar and associated activity.
37. **Charity shops** - Charity shops qualify for 80% relief and are able to apply for a 20% discretionary top up. Charity shops are a feature of most high streets and provide much needed opportunity for income generation for charitable organisations both of a national and local nature and provide a resource for those on low incomes.
38. Charity shops are increasingly competing with the high street at large and an increase in their number may affect the viability of the high street.
39. In accordance with this policy the 20% top up is not awarded for charity shops, with the exception of those shops that are occupied by 'local' charitable organisations in which case the 20% top up is awarded. The following definition of 'local' was agreed by the Executive:

“a charity established for purposes which are directed wholly or mainly to the benefit of residents and users in Northumberland (whether stated in the trusts of the charity or implicit in its purposes”.
40. **Interest groups** - The central premise of rate relief is the value that is achieved for the council tax payer in making such an award. This premise infers local benefit at local cost.
41. Demonstrating local value can be a challenge where the organisation is based locally but has wider interests; regionally or nationally perhaps. Whilst there is value in having the organisation within the County it may be seen as inequitable for the local council tax payer to bear the cost.
42. These organisations can be seen as being the following:
 - **Administrative base** – degree of local benefit will depend on geographic area of interest and will range from substantial to minimal benefit. These could be a local trust who seeks to improve the local quality of life down to purely administrative offices for a national organisation.
 - **Advocacy organisations** – these groups provide a “voice” on issues affecting a broad range of people across the area in which they operate. They may not provide any specific or direct benefit to the people of Northumberland – their presence in the area is coincidental to their objectives and as such are less supportable in terms of rate relief and the costs that have to be borne by local people
 - **Support organisations** – these groups may be focused on specific issues, disability or health conditions across a wide geographic area but they provide tangible and direct benefits to local people. Their position within the County provides local people with greater opportunity than if the organisation were elsewhere and financial support is easier to justify.

43. The support provided to these organisations should be based on the degree of contribution to the County and its communities in accordance with the decision matrix at appendix 1.
44. Any non profit making organisation applying for discretionary rate relief (excluding a top up to mandatory relief) will be encouraged to apply for Small Business Rate Relief to reduce the potential cost of discretionary relief to the Council.
45. The legislation requires that a period of one years notice is give to ratepayers where a decision is made to vary the relief awarded where the variation results in the rates liability increasing.

The Localism Act 2011

46. Clause 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 to allow the Council to reduce the business rates of any local ratepayer (not just those that can be eligible to discretionary relief) by way of a local discount. Central Government will continue to part fund discretionary relief to the same degree and circumstances as at present. The cost of funding any local discount that is granted from 2013/14 will be met by way of a 50/50 split with central government.
47. Applications will need to be in writing and consideration will be given on a case by case basis in light of the guidance supplied and the full circumstances of each case.

Hardship Relief

48. Section 49 of the Local Government Finance Act 1988 allows the Council to reduce or remit business rates for any ratepayer that is suffering, or would suffer, hardship without the relief. In granting such relief the Council must consider if it reasonable to do so, and be in the best interests of the council tax payer.
49. Considering applications on the basis of “reasonableness” and “the best interests of the council tax payer” are again subjective and open to suggestions of arbitrary decision making.
50. The guidance provided by the then Office of the Deputy Prime Minister requires that the Council does not adopt a blanket approach and should decide each case on its merits. However, within this guidance, rules can be adopted to direct local decision making.
51. To take account of the wider interests of the council tax payer it is appropriate to base decisions on the contribution of the business to the aims of the Council. In addition the likely sustainability of the business should be considered as it will rarely be in the best interests of the council tax payer to support a failing business in the longer term, particularly if that business makes little contribution to the local economy.
52. Rate relief has a role in regeneration by supporting business within the Business and Enterprise delivery theme of the Council Plan. If relief is applied at the right time, for the business, the return on investment may be shown in the resurgence of the business and job creation or maintenance.

Applied too late, not at all, or with too strict a view of hardship, is likely to have an adverse impact on business survival rates and give poor value for the local tax payer.

53. Hardship relief is intended as a short to medium term measure to allow a business to develop, recover or manage a decline.
54. The criteria for determining the community worth of the business should be assessed against evidence of the existence of hardship and the likely future of the business.
55. The following information will be sought to judge hardship and future business prospects:

Factor	Evidence (not exhaustive)	Judgement criteria
Existence of hardship	Accounts or other financial statements	Would the payment of rates cause hardship? Does the business have the funds to pay the rates bill? Is the situation caused by a temporary cash flow problem?
Period of decline/hardship	Accounts or other financial statements	Relief is aimed at the short/medium term
Reasons for current position	Statement on application	Was this caused by the ratepayers own improvidence, through external events, business set-up or some other reason? Does the ratepayer understand the cause of the position?
Actions taken by ratepayer to develop business, halt, reverse or manage decline	Statement on application	Is the ratepayer taking appropriate action? Is there a recovery plan in place? Is there a significant effect on local employment opportunities?
Expected period support required for	Statement on application	Is there an understanding of the future need for support? Is the need for support in the short/mid term only?
Expected outcome	Statement on application	What are the prospects of the business in the short to medium term? Is the business likely to survive if support is given? What are the benefits for the community?
External funding or support available and applied for	Support of Business Link, bank etc	Has the ratepayer sought and applied for help and funding elsewhere? What help and funding has been received?

Factor	Evidence (not exhaustive)	Judgement criteria
General trading history	Accounts or other financial statements	Is there a history of adverse trading or of a temporary decline?
Ratepayers history of business success or failure	Statement on application, rating records	Is the ratepayer repeating previous failures?
Is this the sole business of the ratepayer?	Statement on application, rating records	Are other parts of the ratepayers business interests capable of providing supporting?

56. Awards of relief will be made subject to regular reviews that fit the circumstances of the business.

Partly Occupied Property

57. Section 44A of the Local Government Finance Act 1988 (as amended) provides the Council a discretion to grant relief where it appears that part of a property is unoccupied and will remain so for a 'short time only'.
58. It is not intended that Section 44A be used where part of a property is temporarily not used or its use is temporarily reduced. Instead Section 44A is aimed at situations where there are practical difficulties in occupying or vacating a property in one operation perhaps because new accommodation to which the ratepayer is moving is not fully ready for occupation and it is phased in over a number of weeks or months. Similarly, where a building or buildings become temporarily redundant it might be reasonable to grant relief for the unoccupied part.
59. Where it is proposed that Section 44A discretion is granted an apportionment of the Rateable Value of the occupied and unoccupied parts of the property will be sought from the Valuation Office.
60. Each application will be looked at on its own merit.
61. From 1/4/13 the cost of funding Section 44A relief will be met based on a 50/50 split between Central Government and the Council.

New Build Empty Property Relief

62. From 1st October 2013 all new properties completed during the period 1st October 2013 to 30th September 2016 will be exempt from empty property rates for the first 18 months, up to the state aid limits.
63. Each application in writing will be considered on its own merits in line with DCLG guidance and qualifying criteria.
64. The full cost of granting new build empty property relief will be met by the government.

Rate Relief for Occupied Retail Property

65. This relief of up to £1,000 is available to occupied retail properties with a rateable value of 50,000 or less for the financial years 2014/15 and £1,500 for the financial year 2015/16 up to State Aid De Minimis limits.
66. To qualify for relief the retail property should be wholly or mainly used as a shop, restaurant, café or drinking establishment.
67. Applications for relief will need to be in writing and the Council will actively encourage occupiers of retail property to apply.
68. The Council will follow the DCLG guidance of what constitutes shops, restaurants, cafes and drinking establishments when considering entitlement to relief. Each application will be considered on its own merits.
69. The Government will fully reimburse the Council for the local share of this relief.

Reoccupation Relief

70. This relief is a 50% discount from business rates for new occupants of previously unoccupied retail premises up to State Aid De Minimis limits.
71. To qualify the retail premises must meet the following criteria:
 - The premises when last in use were wholly or mainly used for retail purposes;
 - The premises have been unoccupied for a period of 12 months or more immediately before reoccupation;
 - The premises became reoccupied between 1st April 2014 and 31st March 2016, and
 - The premises are being used for any use except as a betting shop, payday loan shop or pawn brokers.
72. The discount will last for 18 months and be available from 1st April 2014 to 31st March 2016.
73. Relief will be available to all new occupiers of retail premises defined in the DCLG guidance.
74. Applications for relief will need to be in writing and the Council will actively encourage occupiers of retail property to apply.
75. The Government will fully reimburse the Council for the local share of this relief.

Rate Relief Decisions and Appeals

76. Rate relief decisions are delegated to the Business Rates section, Assistant Revenues Manager and Revenues Manager. Where the cost to the Council of

granting relief is between £50,000 and £100,000 decisions are delegated to the Revenues, Benefits and Customer Services Manager and Head of Financial and Customer Services. Costs in excess of £100,000 are delegated to the Lead Executive Director.

77. Requests for a review of a decision will be delegated to the Head of Financial and Customer Services and Revenues, Benefits and Customer Services Manager unless the original decision has been made by those officers whereby the Lead Executive Director will undertake the review. If the review relates to a case determined by the Lead Executive Director the relevant Portfolio Holder will carry out the review.
78. Applications for a Local Discretionary Discount will be considered by the Lead Executive Director on a case by case basis taking account of all relevant information and the interests of the council taxpayer when coming to a decision.
79. That notice is served on the ratepayer at the time of the award decision limiting discretionary awards to 24 months. The duration of hardship relief awards are made in accordance with the individual circumstances of the application. Relief granted under the new build empty property relief scheme will last for a maximum of 18 months.
80. Where the Government announce a new business rates scheme after this policy has been annually reviewed the Lead Executive Director will have delegated powers in order to implement the scheme in line with the required legislation and timetable. This policy will then be updated at the next annual review.

Appendix 1

Discretionary Rate Relief - charities and not for profit organisations

Specific Interest Organisations

					Score
1	What is the organisations service area?	National	Regional	Within Northumberland	
		-10	0	20	<input type="text"/>
2	Is the organisation and / or its facilities open to or for the benefit of, all members of the community?	No	Limited Restriction	Yes	
		0	5	10	<input type="text"/>
3	Are the organisation aims and objectives specifically targeted at helping disadvantaged and vulnerable groups?	No	Yes		
		0	10		<input type="text"/>
4	Does the organisation provide education, training or coaching for its users / members?	None	Limited	Substantial	
		0	5	10	<input type="text"/>
5	Does the service support or assist in the provision of a service to help the Council achieve its objectives?	No	Limited	Substantial	
		0	10	20	<input type="text"/>
Total					<input type="text"/>
					<input type="text"/>

Criteria Scoring

Charitable Organisations				
Not Supported	5%	10%	15%	20%
0 - 20	25	30	35	40

Non-Profit Making Organisations				
Not Supported	25%	50%	75%	100%
0 - 20	25	30	35	40

Appendix 2

Discretionary Rate Relief - charities and not for profit organisations

	<30%	30-50%	50-70%	70%	
1 Do the majority of members / users come from the County or surrounding area? (5 mile outside boundary)	-10	3	6	10	<input type="text"/>
2 Is the organisation open to all members of the community?	Restricted	Limited Restriction	Open to all		<input type="text"/>
	0	5	10		<input type="text"/>
3 Does the organisation encourage membership / users from a particular group? (Ethnic Minorities, Disabled, Young Persons, OAP's, Working Parents)	No	Some	Actively		<input type="text"/>
	0	5	10		<input type="text"/>
4 Are the fees/costs reasonable for the service or facilities provided, which support accessibility and encourage participation / use?	No	Yes			<input type="text"/>
	0	10			<input type="text"/>
5 Is the building used by the organisation available to the community and other organisations?	No	Some Use	Substantial		<input type="text"/>
	0	3	10		<input type="text"/>
6 Is the organisation affiliated to a local or national representative body?	No	Yes			<input type="text"/>
	0	10			<input type="text"/>
7 Does the organisation provide education, training or coaching for its users/members?	None	Limited	Substantial		<input type="text"/>
	0	3	10		<input type="text"/>
8 Does the organisation attract grant aiding or generate income through fund raising activities or self help?	No	Yes			<input type="text"/>
	0	10			<input type="text"/>
9 Does the service support or assist in the provision of a service to help the Council to achieve its objectives?	No	Yes			<input type="text"/>
	0	20			<input type="text"/>
				Total	<input type="text"/>

Criteria Scoring and Relief Percentages for Non-Profit Making Organisations

Not Supported				Supported									
Nil				25%			50%			75%			100%
5	10	15	20	25	30	35	40	45	50	55	60	65	66+

Criteria Scoring and Relief Percentages for Charitable Organisations - 20% top up

Not Supported				Supported									
Nil				5%			10%			15%			20%
5	10	15	20	25	30	35	40	45	50	55	60	65	66+