

## **Who is eligible for Discretionary Rate Relief and Hardship Relief, and how applications are considered**

Discretionary rate relief can be awarded to qualifying organisations and is often a “top up” of mandatory relief. Discretionary relief is awarded to the following categories of organisations;

- charities and community amateur sports clubs,
- not-for-profits organisations and sports clubs,
- rural businesses,
- Ratepayers/organisations that are experiencing exceptional circumstances and where the request is reasonable having regard to the interests of the council taxpayers of the district.

Hardship relief can be awarded to any business or individual liable to pay business rates.

What Chichester District Council will not fund:

- Projects run by faith organisations for the sole purpose of promoting or benefiting a belief or group of believers
- Applications by Political organisations
- Applications from organisations in dispute with Chichester District Council
- National appeals
- Retrospective costs incurred
- Where the primary benefit is not to Chichester District residents or businesses

### **Charities and Community Amateur Sports Clubs**

The Council will exercise its discretion based on the individual circumstances of each case. This means that each application will be considered on its own individual merits. However regard will be given to the appropriate legislation and associated guidance provided by Central Government.

Charitable organisations and CASCs who are registered with HM Revenues and Customs are given 80% mandatory relief. The Council can then award discretionary relief for any amount up to the maximum remaining 20%. The cost of existing awards has been accounted for through the Business Rates Retention baseline calculation but for new applications Chichester District Council pays 40% with the remaining amount being funded by Central Government and the County Council.

Any relief granted has a direct impact on the Council's income and ultimately on the council tax payers of the district therefore those organisations in receipt of 80% mandatory relief will not receive any further discretionary relief except in exceptional circumstances. Additionally, discretionary relief will not normally be awarded to national charities. The Grants and Concessions Panel will consider applications for

relief on the remaining 20% where the organisation can demonstrate exceptional circumstances. Awards will be either time or cash limited and will not usually be for a period in excess of two years.

Decisions should remain unfettered by laid down policy and each case should be considered on its own individual merits. However, it is appropriate for guidelines to be followed and this document sets out the guidelines and criteria which will be used to assist the decision making process.

#### Criteria

- Must be a registered charity or CASC
- A local rather than national charity or CASC
- The organisation contributes to the Council's stated aims and the priorities and principles detailed in the Council's Grants and Concessions policy
- Exceptional circumstances should apply

#### Considerations

- Whether the organisations accounts show a surplus or reserves
- Whether the Council provides other support to the organisation whether financial or otherwise
- Who can access or benefit from the organisations activities
- Does the organisation benefit all members of the community or a particular group
- If the organisation ceased to exist what would be the impact on the Council or local people
- How the charity/CASC raises funds

#### Evidence

- Charity registration number or a copy of CASC registration letter
- Accounts of the organisation (preferably audited) for the most recent financial year available
- Information held in the Charities Commission Register of Charities regarding objectives, activities, area of benefit & finances
- Statement of aims
- Complete application form clearly stating how the organisation meets the above criteria
- Where the organisations accounts how a surplus, evidence explaining the reasons for holding the reserves or the exceptional circumstances that led to them building up
- Evidence of exceptional circumstances
- Other supporting information as appropriate

## **Not-for-profit organisations and sports clubs**

The Council will exercise its discretion based on the individual circumstances of each case. This means that each application will be considered on its own individual merits. However regard will be given to the appropriate legislation and associated guidance provided by Central Government.

Discretionary relief can be awarded to other 'not-for-profit' organisations, which are not registered charities or CASCs. The organisations aims should be philanthropic, religious or concerned with education, social welfare, science, literature or the arts, or, where the organisation is a not-for-profit club or society, used for recreation.

Sports clubs that have charitable status or are registered as CASCs receive 80% mandatory rate relief and applicants for discretionary relief will be encouraged to apply for CASC status. There are some clubs, however, that do not qualify for mandatory CASC relief and the Council may, therefore, award discretionary rate relief to these bodies of up to 100%. The cost of existing awards has been accounted for through the Business Rates Retention baseline calculation but for new applications Chichester District Council pays 40% with the remaining amount being funded by Central Government and the County Council.

## **Delegated decisions**

Where a not-for-profit organisation or club does not receive mandatory rate relief the general level of discretionary relief will not exceed 75%. Awards will be considered on their individual merits against stated criteria but will be limited to 50% for organisations running a bar or gaming machine, and 25% for those running both. The club or group should be open to all sections of the community and membership fees must be at a level that does not exclude parts of the community. Any relief granted has a direct impact on the Council's income and ultimately on the council tax payers of the district therefore relief will not normally be granted for properties where the rateable value (RV) is in excess of £20,000.

Decisions should remain unfettered by laid down policy and each case should be considered on its own individual merits. However, it is appropriate for guidelines to be followed and this document sets out the guidelines and criteria which will be used to assist the decision making process.

Awards of discretionary rate relief meeting the relevant criteria will be made using delegated powers (subject to the cost being no more than £500.00) but will be subject to review every two years and reporting the Grants and Concessions panel.

### **Criteria**

- The organisation must be non-profit making
- Rateable value of the property not in excess of £20,000
- The building concerned must be used for charitable, philanthropic or religious purposes; or,

- Be concerned with education, social welfare, science, literature or,
- the fine arts; or,
- Be used wholly or mainly for recreation by a club or society
- The organisation contributes to the Council's stated aims and the priorities and principles detailed in the Council's Grants and Concessions policy
- Club or group should be open to all parts of the community
- Membership fees should be at a level that does not exclude parts of the community

#### Considerations

- Whether other types of rate relief could be applicable such as small business rate relief
- Whether there is a bar or gaming machine
- Whether the organisations accounts show a surplus or reserves

#### Evidence

- Articles of association
- Accounts of the organisation (preferably audited) for the most recent financial year available
- Statement of aims & activities
- Complete application form clearly stating how the organisation meets the above criteria
- Rateable value shown in the Rating List
- Where the organisations accounts show surplus evidence explaining the reasons for holding the reserves or the exceptional circumstances that led to them accruing.
- Other supporting information as appropriate

#### **Grants and Concessions Panel decisions**

Discretionary relief outside of the parameters detailed above will be considered by the Grants and Concessions Panel only in exceptional circumstances or where the cost exceeds £500.00.

Decisions should remain unfettered by laid down policy and each case should be considered on its own individual merits. However, it is appropriate for guidelines to be followed and this document sets out the guidelines and criteria which will be used to assist the decision making process.

#### Criteria

- The organisation must be non-profit making
- Rateable value of the property not normally in excess of £20,000

- The building concerned must be used for charitable, philanthropic or religious purposes; or,
  - Be concerned with education, social welfare, science, literature or, the fine arts; or,
  - Be used wholly or mainly for recreation by a club or society
- The organisation contributes to the Council's stated aims and the priorities and principles detailed in the Council's Grants and Concessions policy
- Club or group should be open to all parts of the community
- Membership fees should be at a level that does not exclude parts of the community

Exceptional circumstances should apply

### Considerations

- Whether the organisations accounts show a surplus or reserves
- Whether the Council provides other support to the organisation whether financial or otherwise
- Whether other types of rate relief could be applicable such as small business rate relief
- What are the aims & activities of the organisation or club
- Who can access or benefit from the organisations activities
- Does the organisation benefit all members of their community or a particular group? If a group is this group disadvantaged or is there under provision of facilities in the area. Is the group focussed on local people?
- Does the organisation offer training or education?
- If the organisation ceased to exist what would be the impact on the Council or local people
- How the organisation raises funds. Whether there is a bar or gaming machine.
- How the facilities were funded
- Are the facilities used by other groups

### Evidence

- Articles of association
- Accounts of the organisation (preferably audited) for the most recent financial year available
- Statement of aims & activities
- Complete application form clearly stating how the organisation meets the above criteria
- Rateable value shown in the Rating List
- Where the organisations accounts show a surplus, evidence explaining the reasons for holding the reserves or the exceptional circumstances that led to them accruing
- Evidence of exceptional circumstances
- Other supporting information as appropriate

Awards made by the Grants and Concessions Panel will be either time or cash limited and will not usually be for a period in excess of two years.

## **Rural businesses**

Some businesses falling within rural settlements (under 3000 population and listed on the Council's Rural Settlement List) qualify for mandatory rate relief. Village shops and Post Offices with a Rateable Value (RV) up to £8,500 and pubs and garages with RV up to £12,500 will receive 50% mandatory relief if they are the only such business in the settlement.

Chichester District Council recognises that some Rural Businesses are vital to the sustainability of our communities and require specific support to ensure their survival.

Where a village shop, pub or garage qualifies for mandatory relief of 50%, then the Council will award 50% discretionary rate relief.

Where a village shop or Post Office is within a settlement and the RV does not exceed £16,500 from 2010/11 and they do not qualify for mandatory relief, then 100% discretionary rate relief will be awarded where

- The premises is used for purposes which are of benefit to the local community and
- It would be reasonable to award discretionary relief having regard to the interest of the persons liable to pay its council tax.

Awards for rural businesses will be made using delegated powers but will be subject to review every two years and reporting to the Grants and Concessions panel. The rateable value limits are subject to change by Government.

### Criteria

- Rateable value within limits set by Government
- Location within a rural settlement shown on the Rural Settlement List
- The only business of its type within the settlement

### Evidence

- Rateable value shown in the Rating List
- The Council's adopted Rural Settlement List
- Completed application form stating the type of business and main type of sales
- Confirmation from Council records of the non-existence of a similar business in the locality

The cost of existing awards has been accounted for through the Business Rates Retention baseline calculation but for new applications Chichester District Council

pays 40% with the remaining amount being funded by the Government and the County Council.

## **Other Organisations**

Section 69 of the Localism Act provides a new power from 1 April 2012 for local authorities to reduce the business rates of any local ratepayer.

Effective from 1 April 2012 and in addition to the prescribed circumstances already described above the Council will consider applications for discretionary rate relief from other ratepayers.

The Grants and Concessions Panel will receive all applications made under this provision where the request is reasonable having regard for the interests of the council tax payers of the district. Awards of relief will be either time or cash limited. Decisions should remain unfettered by laid down policy and each case should be considered on its own individual merits. However, it is appropriate for guidelines to be followed and this document sets out the guidelines and criteria which will be used to assist the decision making process.

### Criteria

- The application must be reasonable
- Granting the relief should be in the interests of the council tax payers of the district
- Granting of the relief must not transgress state aid rules

### Considerations

- Whether the organisation can demonstrate a financial need
- Whether the Council provides other support to the organisation whether financial or otherwise
- Whether the organisation can demonstrate that awarding the relief will be in the interests of the council tax payers of the district and support the Council's stated aims and the priorities and principles detailed in the Council's Grants and Concessions policy
- If the organisation ceased to exist what would be the impact on the Council or local people

### Evidence

- Written application
- Reasons for the application
- Any evidence of the circumstances that have led to the application
- Details of any special, exceptional or extenuating circumstances that apply
- Other supporting information as appropriate

## Hardship

Where the ratepayer is suffering hardship or severe difficulties in paying their rates then an application may be made under Section 49 of the LGFA 1988 which gives billing authorities power to reduce or remit the amount a ratepayer is liable to pay under the provisions of either s.43 (occupied rate) or s.45 (unoccupied rate) where it is satisfied that; -

- the ratepayer would sustain hardship if the authority did not do so; and
- it is reasonable for the authority to do so, having regard to the interests of persons subject to its council tax.

40% of the cost of any relief must be met by the authority and, therefore, the council taxpayer.

The Grants and Concessions Panel will consider applications for hardship relief where there is genuine hardship and with consideration to the interests of local residents. Relief/ remission will only be granted for the period for which there is clear evidence of hardship for the ratepayer and normally for no longer than the financial year in which the request was made.

There is central guidance on what factors should be considered in decision making as to whether to allow or refuse an application. However, it is appropriate for guidelines to be followed and this document sets out the guidelines and criteria which will be used to assist the decision making process.

### Criteria

- Exceptional circumstances must apply
- There must be evidence of hardship, although not necessarily financial

### Considerations

- It must be in the interests of council tax payers to award relief
- For businesses a trading loss in one year will not be construed as decisive evidence that the ratepayer would suffer hardship if the rates were not remitted or reduced.
- Consideration must be given to the amount of relief that can be granted and the effect this will have on a business's ability to continue to trade.
- Regard will be given to the European Commission's rules in respect of State Aid.

### Evidence (as appropriate)

- Audited accounts for the two years preceding the date of the application except in exceptional circumstances or the case of a new business where the previous twelve months will be accepted.



- Analysis of the firm's financial position and future prospects made by a qualified accountant.
- Completed application form showing cause why a reduction is in the interests of Council Taxpayers
- Other evidence demonstrating exceptional circumstances

### **Exceptional Circumstances**

For the purposes of discretionary rate relief 'exceptional circumstances' would be described as circumstances which are not typical of the organisations normal activities that have caused a temporary strain on their resources. Circumstances that may be considered to cause a temporary strain on an organisations resources include (although not limited to) the following;

- a severe weather incident such as flooding
- genuinely unforeseen circumstances which may be financial or otherwise
- an outbreak of a disease such as foot and mouth disease

Exceptional circumstances should be unique to the organisation concerned and previous decisions made by the panel will not set a precedent unless the circumstances are identical to the previous decision.