

High Peak Borough Council

Business Rates Relief Policy

1 Introduction and Background

1.1 The Local Government Finance Act 1988 provides for two broad forms of Relief to be made available to Business Ratepayers:

- **Mandatory Relief (under Sections 43 and 45)** – this can be granted to occupied or unoccupied properties, which satisfy the necessary criteria. Once an organisation satisfies the relevant criteria, the Council has a statutory duty to apply the Relief; and
- **Discretionary Relief (under Sections 44A, 47 and 49)** – since the 1988 Act was introduced councils have had the discretion to grant additional relief to certain occupiers of properties, which satisfy certain criteria. However, with effect from 2012/13, Clause 69 of the Localism Act 1988 amended Section 47 referred to as Hardship Relief, to allow councils to reduce the Business Rates of any local Ratepayer.

Discretionary Relief can be awarded in its own right or as an additional relief if Mandatory Relief is already being granted. When considering allowing Discretionary Relief a council must consider the benefit of a business to the local community having regard to the interests of Council Tax payers.

1.2 The financial impact on the Council's finances is different depending on whether Mandatory or Discretionary Relief is granted. The granting of discretionary relief will, in the main, involve a cost to the Council equivalent to approximately 40% of the award – in line with the Business Rates Retention Scheme. However, some discretionary reliefs are reimbursed in full by Government through a 'Section 31' grant.

1.3 Although the Localism Act has extended the Council's ability to grant Discretionary Relief, it does so within strictly finite resources. The purpose of this Policy therefore is to provide guidance to Business Rate payers of the specific and limited circumstances in which Relief will be granted.

2 Available Relief

2.1 Relief is available to the following types of Business Rate payer:

- Charities and other non-profit making organisations (**section 3**)
- Community Amateur Sports Clubs (CASC) (**section 4**)
- Businesses located in rural areas (**section 5**)
- Small businesses (**section 6**)
- Retail relief (**section 7**)

- Empty properties (**section 8**)
- Supporting Small Businesses Relief (**section 9**)
- Transitional Relief (**section 10**)
- Local Newspaper Rate Relief (**section 11**)
- Any other business in exceptional circumstances (under Clause 69 of the Localism Act 2011) (**section 12**)
- Hardship Relief (**section 13**)

2.2 Sections 3 to 13 deal with the qualifying conditions of each type of Relief in more detail.

2.3 In 2005, community interest companies were introduced as a new type of company intended for social enterprises who use their profits and assets for the public good. These are not eligible for mandatory relief but can be considered for discretionary relief.

3 Charities and Other Non-Profit Making Organisations

3.1 Relief is available to charitable and non-profit making organisations in certain circumstances. Relief varies dependent upon the type of organisation and the purpose for which the property is used.

3.2 Mandatory Relief is awarded in the following circumstances:

- i) The Ratepayer of an occupied property is a charity or trustee for a charity and where the property is wholly or mainly used for charitable purposes. In such circumstances, Mandatory Relief of 80% will be awarded (it may also be possible to qualify for up to 20% Discretionary Relief on such properties); and
- ii) The owner of an unoccupied property is a charity or trustee for a charity and it appears, when next in use, the property will be wholly or mainly used for charitable purposes. In such circumstances an exemption will be granted.

3.3 Discretionary Relief may be awarded where:

- i Where the property is not an “excepted hereditament” (property) and all or part of it is occupied by one or more institution or organisation which are:
 - Not established or conducted for profit; and
 - Whose aims should be charitable or otherwise philanthropic, or concerned with the promotion of social welfare, education, science, literature or the fine arts. In such circumstances Discretionary Relief of up to 100% can be awarded.
- ii Where the Rate payer is a charity or trustee for a charity and where the property is wholly or mainly used for charitable purposes. In such circumstances, Mandatory Relief of 80% will already have been awarded. Therefore Discretionary Relief of up to 20% can be awarded.

3.4 The Council will determine each case on its own merits. The guidelines are:

- i In respect of Charitable Properties:

- Applications are required in writing and will be reviewed on a regular basis; and
 - Confirmation of charitable status is necessary.
- ii In respect of Non-Profit Making Organisations, the following factors will be considered:
- Is membership available to all of the community and is it actively promoted?
 - Are the facilities available to non-members?
 - Are the facilities ones that the Council is unable to provide and wishes to promote?
 - Have the facilities available been provided by self-help or grant aid?
 - Are the facilities competing with or ancillary to the facilities currently offered by the Council? (applications will not be refused on the grounds that an organisation is in competition with the Council if the broader needs of the community are being met)
 - Does the organisation provide training and education for its members, non-members, minority or special need groups?
 - Is membership drawn from local residents and taxpayers?
 - What are the financial circumstances of the organisation - do they raise finance to support their activities?

4 Community Amateur Sports Clubs (CASCs)

- 4.1 With effect from April 2002, many local amateur sports clubs were able to register with the Inland Revenue as Community Amateur Sports Clubs (CASCs) and benefit from a range of tax relief, including Gift Aid. The detail of the legislation is contained within Schedule 18 of the Finance Act 2002.
- 4.2 Provided a club is registered with the Inland Revenue, they will automatically qualify for Mandatory Relief of 80%.
- 4.3 The Council has discretion to consider awarding up to an additional 20% in discretionary relief.
- 4.4 The Council will determine each case on its own merits. The guidelines are:
- In order to qualify for Mandatory Relief:
- An application is required
 - Confirmation of CASC status is necessary.
- In order to consider awarding discretionary relief of up to 20% consideration will be given as follows:
- **Membership** – Is membership open to all sections of the community within the District? Membership fees must not be at a level where they

exclude the general community. Membership of the organisation should be mainly resident in the District.

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

5 Rural Relief

- 5.1 Relief from Business Rates is available for Public Houses, Petrol Filling Stations, General Stores, and Post Offices if they are the only business of its type within a Rural Settlement area listed below. Rural Relief may also be granted to qualifying rural food shops. Such Relief is applicable to occupied properties only.
- 5.2 In order to qualify for Mandatory Relief the property will have to:
- be in a Rural Settlement Area of 3,000 people or less; and
 - be a Post Office or General Store with a rateable value of £8,500 or less, and be the only such property within a settlement area; or
 - be a Public House or Petrol Filling Station with a rateable value of £12,500 or less, and be the only such property within a settlement area; or
 - be a Village Shop selling mainly food for human consumption with a Rateable Value of £8,500 or less.
- 5.3 Prior to April 2017, the mandatory award of Rural Rate Relief was 50%. From 1st April 2017, this has been increased to 100%. The Government intends to change the relevant primary legislation but expects Councils in the meantime to use discretionary powers to increase relief to 100%.
- 5.4 Where a property meets either of the above criteria but the rateable value exceeds the set limits, the Council has discretion to award discretionary relief where:
- has a Rateable Value of less than £16,500; and is of benefit to the local community.
 - The award of the relief is in the interests of the Council's taxpayers
- 5.5 For claiming Rural Relief the following conditions apply:

- An application form is required

If applying for the Discretionary element of Rural Relief, audited accounts for the last two years must be provided; and each application is considered on its own merits.

5.6 Rural Settlement areas within High Peak Borough Council

In accordance with the Local Government and Rating Act 1997 (LGRA 1997), a total of 46 Rural Settlement Areas (RSAs) have been designated within High Peak as follows:

Aston	Hayfield
Bamford	Hope
Birch Vale	King Sterndale
Bridgemont	Little Hayfield
Brookbottom	New Smithy
Brough	Peak Dale
Buxworth	Peak Forest
Castleton	Rowarth
Chapel Milton	Shatton
Charlesworth	Small Dale
Chinley	Sparrowpit
Chisworth	Sterndale Moor
Combs	Thornhill
Dove Holes	Thornsett
Edale	Tunstead Milton
Furness Vale	Whitehough
Fernilee	Wormhill
Hague Bar	

6. Small Businesses

- 6.1 Small Business Rate Relief is available at 100% for Business Ratepayers occupying single properties with a Rateable Value of up to £12,000 (previously £6,000 prior to 1st April 2017), with Relief declining on percentage terms on a sliding scale until it is 0% at a rateable value of £15,000 (£12,000 prior to 1st April 2017).
- 6.2 The cost of the Relief granted is funded through a supplement on the Business Rates bills of those businesses not eligible for the Relief. The supplement is built into the standard “Non-Domestic Rating Multiplier”.
- 6.3 Ratepayers of eligible business properties with Rateable Values between £15,000 and £51,000 (previously £12,000 and £18,000 prior to 1st April 2017) do not have to contribute towards the Relief and will have their bills calculated using the lower (small business) Non-Domestic Rating Multiplier.
- 6.4 The Relief is only available to Rate payers with either:

- One property; or
- One main property and other additional properties with Rateable Values less than £2,899 (£2,600 prior to 1st April 2017).

The Rateable Value of the one property or the aggregate Rateable Value of all properties must be under £20,000 (£18,000 prior to 1st April 2017).

7 Retail Relief

7.1 The following discount will be available for the financial year 2023/24 only.

7.2 At the Autumn Statement on 17 November 2022 the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth around £2.1 billion in 2023/24. This will support the businesses that make our high streets and town centres a success and help them to evolve and adapt to changing consumer demands.

7.3 In order to qualify, hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of the following conditions for the chargeable day:

a. they are wholly or mainly being used:

i. as shops, restaurants, cafes, drinking establishments, cinemas or live music venues,

ii. for assembly and leisure; or

iii. as hotels, guest & boarding premises or self-catering accommodation

7.4 We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

7.5 **i. Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots

- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

7.6 ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

7.7 iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

7.8 iv. Hereditaments which are being used as cinemas

7.9 v. Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other

activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

7.10 We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

7.11 **ii. Hereditaments that are being used for the assembly of visiting members of the public.**

- Public halls
- Clubhouses, clubs and institutions

7.12 We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

7.13 The following list sets out those properties that would not be eligible for the discount: Financial services eg banks, building societies, cash points, bureaux de changes, payday lenders, betting shops, pawn brokers;

Other services e.g. estate agents, letting agents, employment agencies
Medical services e.g. vets, dentists, doctors, osteopaths, chiropractors

Post Office sorting offices.

These lists are not exhaustive and any properties used for other purposes will be considered on an individual basis. Where it is clear that a property is used wholly or mainly for one of the uses detailed in the first list, the relief will be automatically applied. Where it is not clear, ratepayers may wish to contact the council to discuss eligibility.

- 7.14 The amount of relief awarded will be equivalent to 75% of the bill, after other reliefs and exemptions are applied.
- 7.15 In line with the conditions set by the government, a ratepayer may only claim up to £110,000 of support under the 2023/24 Retail, Hospitality and Leisure Relief Scheme for all of their eligible hereditaments. This cash cap applies at a Group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company) and also to organisations which, although not a company, have such an interest in a company that they would, if they were a company, result in its being the holding company.
- 7.16 Furthermore, the Retail, Hospitality and Leisure Relief Scheme is subject to the Minimal Financial Assistance limits under the Subsidy Control Act. This means no recipient can receive over £315,000 over a 3-year period (consisting of the current financial year and the 2 previous financial years). Extended Retail Discounts granted in 2021/22 do not count towards the limit. Covid business grants received from local government and any other subsidy claimed under the Minimal Financial Assistance or Small Amounts of Financial Assistance limit over the 3-year period should be counted.
- 7.17 Therefore, to claim the Retail, Hospitality and Leisure relief you must not have exceeded either the £110,000 cash cap for 2023/24 or the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24). Further details of the cash cap and subsidy control can be found at: <https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance>.

The relief will be applied for the financial year 2023/24 only, provided that the properties are used wholly or mainly for a qualifying purpose throughout.

8 Empty Property Relief

- 8.1 Mandatory Relief will be granted in the first 3 months that a business property is empty. This is extended to 6 months in the case of certain industrial properties.
- 8.2 After these periods have expired, Business Rates are payable in full unless the unoccupied property rate has been reduced by Government Order. In most cases, the unoccupied property rate is zero for properties owned by Charities and Community Amateur Sports Clubs.
- 8.3 There are a number of exemptions from the Empty Property Rate as follows:

- Where an owner is prohibited by law from occupying a business property or allowing a business property to be occupied
- Where a business property is kept vacant by reason of action taken by or on behalf of the Crown or any local or public authority with a view to prohibiting occupation or to acquiring it
- Where a business property is the subject of a building preservation notice, or is a listed building
- Ancient monuments
- Business properties with a Rateable Value less than £2,900
- Where an owner is entitled to business property only in their capacity as the personal representative of a deceased person; and
- In certain instances of insolvency and debt administration.

8.4 Discretionary Relief (under Section 44a of the 1988 Act) can be awarded where a business property is temporarily partly occupied. Where such discretion is exercised, a valuation officer will apportion Rateable Value between the occupied and unoccupied parts of the property.

9. 2023 Revaluation Reliefs

9.1 Supporting Small Businesses Relief (temporary from 1st April 2023)

At the 2022 Autumn Statement the Chancellor announced that the 2023 Supporting Small Business (SSB) scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. SSB was first introduced at the 2017 revaluation to support ratepayers facing bill increases greater than the Transitional Relief caps due to loss of Small Business Rate Relief or Rural Rate Relief.

9.2 2023 SSBR will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business, Rural Rate Relief or 2017 SSBR and, as a result, are facing large increases in their bills. Charities and Community Amateur Sports Clubs, who are already entitled to mandatory 80% relief, are not eligible for 2023 SSBR.

9.3 To support these ratepayers, 2023 SSBR will ensure that the increase in the bills of these ratepayers is limited to a cash value of £600 per year. This cash maximum increase ensures that ratepayers do not face large bill increases in 2023/24 after transitional relief and small business rate relief (as applicable) have been applied. In order to simplify the scheme, the 2023 SSBR will not include minimum percentage bill increases (unlike the 2017 scheme).

9.4 Those on 2023 SSBR whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for 2023 SSBR.

- 9.5 The 2017 SSBR scheme was provided to support small and medium ratepayers who had seen large increases in their bills at the 2017 revaluation. They have, therefore, had 6 years of support to allow them to adjust to their full 2017 bills. Therefore, for those ratepayers receiving 2017 SSB relief in 2022/23, any eligibility for 2023 SSBR will end on 31 March 2024. Authorities should ensure this eligibility criteria is clear in the scheme approved by their council and that relief for these ratepayers is awarded for one year only so that the relief can then be withdrawn on 31 March 2024 without further notice. All other eligible ratepayers remain in 2023 SSBR for either 3 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
- 9.6 There is no second property test for eligibility for the 2023 SSBR scheme. However, those ratepayers who during 2022/23 lost entitlement to Small Business Rate Relief (because they failed the second property test) but have, under the rules for Small Business Rate Relief, been given a 12 month period of grace before their relief ended - can continue.
- 9.7 The 2023 SSBR is likely to amount to a subsidy. Therefore, any relief provided by Local Authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations.
- 9.8 To the extent that a local authority is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a three-year period (consisting of the 2023/24 year and the two previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted under the £315,000 allowance.
- 9.9 In those cases where it is clear to the local authority that the ratepayer is likely to breach the MFA limit then the authority should automatically withhold the relief. Otherwise, local authorities may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the MFA limit.
- 9.10 The Council will be applying this relief in accordance with Government guidelines and confirming in writing to those eligible businesses. Those businesses that feel they may be eligible but have not received a letter and revised bill need to contact the Council.

10 Transitional Relief 2023

A transitional relief scheme will be introduced in April 2023 to lessen the impact of any rates increases and will run for three years.

Rateable Value		2023/24	2024/25	2025/26
Small	RV up to £20,000	5%	10%	25%
Medium	RV £20,001 to £100,000	15%	25%	40%
Large	RV over £100,000	30%	40%	55%

- 10.1 These caps will be applied **before** other reliefs, for example, supplements, and, in years two and three, inflation.

Properties that have had a rateable value reduction will benefit from the reduction straight away, rather than having the reduction phased in gradually.

11 Local Newspaper Rate Relief (From 1st April 2020 until 31st March 2025)

- 11.1 The Government has committed to providing funding to local authorities so that they can provide a discount worth up to £1,500 a year for 2 years from 1st April 2020, to office space occupied by local newspapers. This is up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits. The relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act 1988).

- 11.2 The Council will grant in accordance with Government guidelines.

12 Other Businesses

- 12.1 Discretionary Rate Relief of up to 100% may be awarded to any other Ratepayer in exceptional circumstances under Clause 69 of the Localism Act 2011, where it is in the Council's strategic or operational interests to do so.

13 Hardship Relief

- 13.1 The Council may remit payment of Business Rates in part or in full in certain cases of hardship.

- 13.2 An application for reduction must consider:

- That the Ratepayer would sustain hardship if remission of rates was not granted; and

- That it is reasonable to grant remission, having regard to the interests of the Council Taxpayer.

13.3 The circumstances where the Council would consider for the granting of Hardship Relief are:

- The potential threat of closure of a business, and the loss of employment to local people; and
- Preserving the local community and fabric of village life.

13.4 For claiming Hardship Relief the following conditions apply:

- An application must be made
- Remission should be the exception rather than the rule
- All factors relating to the business should be taken into account; and Each case should be decided on its own merits.

13.5 The following evidence will be taken into consideration when assessing an application for Hardship Relief:

- The current year's accounts should be compared with previous years' accounts
- Explanation of how the hardship has arisen; and Steps taken to try to remedy the situation.

14 Summary of Award - Granting Relief

14.1 In all cases, the Council will notify the ratepayer of decisions made. Where an application is successful, then the following will be notified to them in writing:

- The amount of relief granted and the date from which it has been granted;
- If relief has been granted for a specified period, the date on which it will end;
- The new chargeable amount;
- The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
- A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.

14.2 Where relief is not granted then the following information is provided, again in writing:

- An explanation of the decision within the context of each Councils' statutory duty; and
- An explanation of the appeal rights (see below)

The Non-Domestic Rating (Discretionary Relief) Regulations 1989

14.3 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made. Since 1997 decisions can be made up to 6 months after the end of the financial year for which the application was made. In such cases, the Council may backdate its decision.

- 14.4 A decision to award discretionary relief and how much relief is given is normally only applicable to the financial year for which the application is made. However, the Council reserves the right to grant relief for any other period as appropriate. In relation to the Discretionary Business Rate Relief scheme, awards will, in the main be granted from 1st April 2017.
- 14.5 A fresh application for discretionary relief will be necessary for each financial year or at such time-period as the Council determines.

14.6 **Variation of a decision**

Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:

- Where the amount is to be increased due to a change in rate charge or a change in a Council's decision which increases the award - this will apply from the date the Council as appropriate;
 - Where the amount is to increase for any other reason it will take effect at the expiry of a financial year, and so that at least one year's notice is given;
 - Where the amount is to be reduced due to a reduction in the rate charge or liability including any reduction in rateable value, awarding of another relief or exemption this will apply from the date of the decrease in rate charge; and
 - Where the amount is to be reduced for any other reason, it will take effect at the expiry of a financial year, and so that at least one year's notice is given.
- 14.7 A decision may be revoked at any time, however, a one year period of notice will be given and the change will take effect at the expiry of a financial year.

Reviews

- 14.8 The policy for granting relief will be reviewed annually or sooner where there is a substantial change to the legislation or funding rules. At such time, a revised policy will be brought before the relevant committee of the Council.

Appeals

- 14.9 Appeal against a refusal to grant Mandatory Relief is to the Magistrates Court at a Liability Order hearing if the decision is whether a property falls into one of the necessary categories.
- 14.10 The appeal will be by way of Judicial Review if the appeal is in respect of a village not being designated as a Rural Settlement.
- 14.11 An appeal against a refusal to grant Discretionary Relief will be by way of Judicial Review.