

Discretionary Rate Relief Policy 2019/20

**Guidelines for the Award of Business Rates
Discretionary Relief**

November 2019

1. INTRODUCTION AND SCOPE

- 1.1 Discretionary Rate Relief (DRR) is granted in accordance with Section 43 and Section 44a of the Local Government Finance Act 1988 (LGFA 1988) and Section 47-49 of the LGFA 1988 as amended by the Localism Act 2011.
- 1.2 Clause 69 of the Localism Act 2011 amended section 47 of the LGFA 1988 to allow billing authorities the discretion to fund their own local discounts. From April 2012, the Council has been able to grant Business Rates discounts entirely as it sees fit within the limits of the primary legislation and European rules on state aid. These powers can be used to encourage new business and investment, as well as to support local shops or community services.
- 1.3 The introduction of the Business Rates Retention scheme in 2013 meant that Local Authorities now have a financial stake in the income generated from Business Rates in their area. Since April 2017, the Council has participated in the 100% Business Rates Retention pilot scheme.
- 1.4 This means that Mandatory and Discretionary Relief is financed 99% by the Council and 1% by the Greater Manchester Combined Authority. The Government has pledged that Greater Manchester authorities will suffer no financial detriment as a result of participating in the 100% pilot scheme. This extends to the awarding of mandatory and discretionary rate reliefs.
- 1.5 In view of the direct cost of awarding Business Rates relief, the Council has determined that its DRR policy is reviewed annually to ensure that awards of DRR are appropriate and maximise benefits to Oldham residents.
- 1.6 This policy document outlines the areas of local discretion and the Council's approach to the various awards. This approach has regard to the impact:
 - Of granting DRR (including Section 44a Relief and Hardship Relief) on the Council's wider financial position and Council Tax payers;
 - On the organisations and businesses that currently receive or may apply for relief in the future;
 - For Oldham residents and any regeneration benefits to the borough.
- 1.7 The principal consideration when making an award is that any relief granted is in the best interests of the residents and taxpayers of Oldham and produces a local benefit. It will also be reflective of and complementary to the co-operative ethos of the Council.
- 1.8 The report sets out the eligibility criteria and application process for each type of DRR.
- 1.9 Annexes A to C set out the detail of temporary DRR schemes which have been introduced by Central Government.

2 CHARITABLE RELIEF (CHARITIES)

2.1 A Mandatory Rate Relief of 80% is granted to charities in the following circumstances where the:

- Ratepayer of a property is a charity or the trustees of a charity; and
- Property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purpose of the charity).

2.2 The Council does not have discretion regarding the award of Mandatory Rate Relief, however the Council must be satisfied that the statutory criteria has been met. For this purpose the Council will use guidance provided in both the LGFA 1988, and by reference to other enactments and case law.

2.3 The Council will refer to the Charity Register for evidence of charitable status however absence from the register does not mean an organisation has not been established for charitable purposes as certain organisations are exempt from registration under the Charities Act 1993.

2.4 In cases where a charity is in receipt of mandatory rate relief of 80%, the Council has discretion to grant up to 20% additional rate relief known as a DRR top up.

2.5 The Council will consider applications for a DRR top up from charities based on their own merits, on a case by case basis. However the principal consideration is that the relief is in the best interests of the residents and taxpayers of Oldham and produces a local benefit as the Council must contribute to the cost of each award. As such, top up will be awarded to only the following type of registered charities:

- Scouts, guides, cadets and other clubs/associations for young people;
- Community schemes encompassing organisations providing support for those over the age of retirement, community transport, those based on volunteering and residents associations;
- Organisations providing support in the form of advice, training for employment, counselling;
- Organisations that provide services that address the consequences of ill health and disability;
- Charitable sporting clubs (also see CASCs);
- Locally based leisure and cultural organisations;
- Armed forces veterans associations;
- Locally based charities;
- Charity shops (operated by either locally based or national charities);
- Local child care providers registered as charities

3 REGISTERED COMMUNITY AMATEUR SPORTS CLUBS (CASC) RELIEF

3.1 A mandatory rate relief of 80% is granted to registered community amateur sports clubs (CASCs). To qualify as a CASC, a sports club must fulfil all of the following criteria. It must be:

- Open to the whole community;
- Run as an amateur club;
- Non-profit making and
- Aiming to provide facilities for, and encourage people to take part in, eligible sport.

3.2 In cases where a CASC is in receipt of Mandatory Rate Relief of 80%, the Council has discretion to grant up to 20% additional rate relief as a DRR top up.

3.3 The principal consideration is that any relief is in best interests of the residents and taxpayers of Oldham. However, in determining the application the following matters will be taken in to consideration:

- How the CASC supports and links into the Council's corporate vision and priorities;
- A club should have an open access policy. If a club effectively discriminates by only accepting members who have reached a particular standard, rather than seeking to promote the attainment of excellence by enhancing access and the development of sporting aptitude, then it does not fulfil the requirements;
- Although clubs should be open to all without discrimination, single sex clubs may be permitted where such restrictions are not discriminatory in intent but a genuine result of physical restraints (such as changing room facilities) or the requirements of the sport. In such cases, the organisation will be required to provide proof of such limiting factors;

3.4 If the organisation applying for a DRR requires membership or an entry fee, the Council will consider whether:

- Membership must be open to everyone, regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, creed, disability, age, religious affiliation or political belief,
- The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community
- Fee reductions are offered for certain groups such as, for example, under 18s or over 60s
- Membership is encouraged from groups who face social barriers, such as, for example, young people not in employment, education or training; people above working age; or people with disabilities
- Facilities are made available to people other than members.

3.5 It should be noted that sports clubs which run a bar are unlikely to be awarded relief if their main purpose is the sale of food or drink. However, if the sale of food or drink by the organisation aids the overall operation and development of the organisation in achieving its objectives, this would be permissible as long as the principal objectives of the organisation meet the eligibility criteria detailed at 3.1. If the bar makes a profit, this profit must be reinvested to support the organisation in achieving its principal objectives. Financial information will be required to evidence any profit and its use.

4 NON-PROFIT MAKING ORGANISATIONS INCLUDING COMMUNITY INTEREST COMPANIES (CIC)

4.1 The Council has the power to grant discretionary rate relief of up to 100% for the rates due to non-profit making organisations. The main objectives of the organisation must be related to:

- Relief of poverty
- Advancement of religion
- Advancement of education
- Social Welfare
- Science
- Literature
- Fine arts
- Recreation
- Or be otherwise beneficial to the community

An organisation must be able to demonstrate how it:

- Meets local needs and benefit local people and
- Provides a valuable service to the community and
- Is open to all sections of the community and operates in such a way that it does not discriminate against any section of the community and
- Is not conducted or established for the primary purpose of accruing profit.

4.2 The Council will consider applications for a DRR top up from non-profit making organisations based on their own merits, on a case by case basis. However the principal consideration is that the relief is in the best interests of the residents and Council taxpayers of Oldham and produces a local benefit as the Council must contribute to the cost of each award. As such, top up will only be awarded to the following type of non-profit making organisations:

- Scouts, guides, cadets and other clubs/associations for young people;
- Community schemes encompassing organisations providing support for those over the age of retirement, community transport, those based on volunteering and residents associations;
- Organisations providing support in the form of advice, training for employment or counselling;
- Organisations that provide services that address the consequences of ill health and disability;
- Locally based leisure and cultural organisations;
- Armed forces veterans associations.

4.3 If the organisation applying for DRR requires membership or an entry fee, the Council will consider whether:

- Membership must be open to everyone, regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, disability, age, religious affiliation or political belief,
- The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community;

- Fee reductions are offered for certain groups such as, for example, under 18s or over 60s;
- Membership is encouraged from groups who face social barriers, such as, for example, young people not in employment, education or training; people above working age; or people with disabilities;
- Facilities are made available to people other than members.

4.4 Where the applicant organisation requires membership, at least 50% of the members should reside within the boundaries of the Borough of Oldham (proof of this will be required).

5 LOCAL CHILD CARE PROVIDERS

5.1 The Council will consider applications for DRR from local child care providers based on their own merits on a case by case basis. The principal consideration is that any relief is in best interests of the residents and taxpayers of Oldham and produces a local benefit as the Council must bear a percentage of the cost of any relief granted. Criteria in relation to an award are:

- A local child care provider can be in receipt of Mandatory Rate Relief of 80% if it is registered as a charity, in these cases the Council has the discretion to grant up to 20% additional rate relief.
- In cases where a local child care provider is not in receipt of Mandatory Rate Relief the Council has the discretion to consider granting an award up to 100% of rate relief.
- If a local childcare provider applies for relief they must not charge fees that would be considered unaffordable by most Oldham residents. The provider must also not restrict attenders with admittance policies that are deemed unfair.
- If a nursery charges unreasonable fees or if they make significant profits that are not reinvested into the business that they are unlikely to be awarded DRR.
- In reviewing an application from a child care provider, there will be consultation with the Early Intervention and Families team to determine if providing relief would meet the aim of supporting local child care provision.

6 RURAL RATE RELIEF

6.1 Organisations or businesses which reside within a designated rural settlement (with a population of 3,000 or less) may be eligible for Discretionary Rural Rate Relief. Eligible organisations/businesses must be located in one of the settlements identified in the Council's rural settlement list, which is reviewed periodically:

- Current areas designated as rural settlements are:

Delph	Denshaw	Diggle	Dobcross
Grasscroft	Grotton	Scouthead	Woodhouses

6.2 Discretionary Rural Rate Relief is open to any type of business within a classified rural settlement that satisfies the following criteria in that it is:

- The only qualifying village shop or post office with a rateable value of up to £8,500 and already in receipt of mandatory relief of 50%.

- The only qualifying public house or petrol station with a rateable value of up to £12,500 and already in receipt of mandatory relief of 50%
- Within the boundaries of a qualifying rural settlement.

6.3 The Council also has the discretion to remit all or part of rate bills on other property in a settlement on the rural settlement list if the rateable value is £16,500 or less and is used for a purpose that benefits the local community.

6.4 Rural rate relief was doubled to 100% in April 2017 with the intention to introduce legislation to make the award of the relief mandatory.

6.5 Until the necessary legislation is in place to award 100% Mandatory Rural Rate Relief the Council will use its discretionary powers to award 50% Discretionary Relief to ensure 100% relief is awarded in total to eligible businesses. Central Government will fully reimburse the Council using a grant under Section 31 of the Local Government Act 2003. Awards will be granted for the period of one financial year at a time.

7 LOCALISM RELIEF

- 7.1 The Council is now able to grant Business Rates discounts entirely as it sees fit within the limits of the primary legislation and European rules on state aid. The Council will place particular focus on using these powers to support the regeneration objectives of the Council, encouraging new business and investment into the Borough.
- 7.2 In reviewing an application from a business requesting DRR under these powers, there will be consultation with the Council's Business and Investment Team to determine if providing relief would support the economic objectives of the borough.
- 7.3 Applicants will also be signposted to the Council's Business and Investment team for support and for advice on other options available to the business prior to an award being considered.

8 HARDSHIP RELIEF

- 8.1 The Council has the power to reduce or remit the Business Rates charged in certain circumstances where the business is enduring temporary financial difficulties. This is known as Hardship Relief.
- 8.2 The Council may grant Hardship Relief if it is satisfied that:
- The ratepayer would sustain financial hardship if the Council did not do so; and
 - It is reasonable for the Council to grant relief, with regard to the interests of its residents and Council Tax payers.
- 8.3 Hardship Relief is a temporary measure which should not be used to artificially sustain a failing business. Hardship Relief will be awarded where the applicant organisation is facing temporary financial difficulties and where the community would be significantly disadvantaged if the business were to close due to these temporary financial constraints.

9 SECTION 44A RELIEF (PARTLY OCCUPIED PROPERTIES)

- 9.1 The Council has discretion to consider requests from ratepayers asking that the rateable value of premises that is charged Business Rates is split between the occupied and temporarily unoccupied portions and that the Council then only charges rates of the occupied portion. This is permitted under Section 44a of the LGFA 1988.
- 9.2 The Council has discretion to accept or refuse such a request. If the request is accepted, then the Valuation Office Agency is asked to supply a Certificate indicating the relevant values for the occupied and unoccupied portions and this Certificate is binding on the Council.
- 9.3 The definition of 'temporary period' is not prescribed with the law and therefore Oldham Council has the discretion to decide the period of relief that should be awarded.

- 9.4 The law provides a discretionary power, but the decision whether to exercise that power must be taken before the Valuation Officer's Certificate is requested, as the apportioned values are those upon which the charge must be levied once supplied. The discretionary power does not alter the general rule that occupation of part of a premise constitutes occupation of the whole of the premises.
- 9.5 The effect of the apportioned values applies for the **operative period**, which is defined as the period beginning with the day on which the premises became partly unoccupied and ending with the first day on which one or more of the following events occurs.
- The occupation of any of the unoccupied part of the premises;
 - The ending of the financial year in which the apportionment was required;
 - The requiring of a further apportionment;
 - The complete occupation of the premises; or
 - The complete vacation of the premises.
- 9.6 The Authority is required to terminate this relief in the event of a change in the proportions of the premises occupied and unoccupied or at the end of a financial year, and then may, if appropriate consider requesting the Valuation Officer to issue a further Certificate.
- 9.7 The amount of Rate Relief that is awarded is determined by statute and is calculated by reference to the Rateable Value attributed to the unoccupied area by the Valuation Office Agency, part of Her Majesty's Revenue and Customs (HMRC).
- 9.8 Applications will only be considered in respect of unoccupied parts of a property that can be clearly defined and are reasonably segregated from the occupied part of the property.
- 9.10 The use of Section 44a is intended to apply to those premises where there are practical difficulties in either occupying the premises or vacating the premises. Therefore it is not intended that all premises which temporarily become partly unoccupied should have their liability reduced.
- 9.11 No award shall be made where it appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purposes of applying for Rate Relief.
- 9.12 Rate Relief under this section will not be awarded in respect of partly occupied property where the partial occupation of the property may arise due to the ordinary day to day nature of the business (for example the operation of a warehouse).
- 9.13 The period of Relief will not exceed either 3 or 6 months depending on the type of property the claim has been made for, in line with the current legislation for part-occupied properties.
- 9.14 In determining the application, favourable consideration will be given (but not limited to) where:
- There is a partial occupation of a warehouse, factory or commercial premises to facilitate relocation of the company into the borough or to extend the current

- portfolio and associated occupation levels in the borough; or
- Where fire, flood or other disaster prevents full use of the premises.

9.15 Favorable consideration would not normally be given:

- For a period that has now passed;
- For consecutive periods;
- To support a business moving its operation outside of the borough;
- Where the owner sublets part of the premises on a commercial basis;
- Where the part occupation is likely to continue for more than 3 months (6 months if industrial premises);
- Where there appears to be no effort to let, sell or occupy the empty part; or
- Where part occupation is seasonal or cyclical in nature.

(N.B. This is not an exhaustive list.)

9.16 At all times consideration will be made for the regulations contained within Section 44a of the Local Government Finance Act 1988 and any relevant case law.

10 MAKING AN APPLICATION

10.1 Applicants will be encouraged to submit applications for DRR online at www.oldham.gov.uk

10.2 All Applications for Discretionary Rate Relief top up must be supported by, and include:

- The organisation's main purposes and objectives, as set out in, for example, a written constitution, a memorandum of association, or set of membership rules
- A full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available, projected figures should be provided instead. (It is recommended that applicant organisations submit audited accounts dating back further than two years, if such information is available.)
- Details of how the organisation meets the criteria outlined in these guidelines.

10.3 Localism Relief - Where applications seek rate relief in respect of new business set up etc., information provided should also include business plans and other information that demonstrate the regeneration or economic benefit to Oldham.

10.4 Section 44A relief - The following information will be required to support written requests for Section 44a relief:

- A plan of the property showing the dimensions of the occupied and unoccupied area of suitable quality to enable the Valuation Office Agency to apportion the rateable value of the property between the occupied and unoccupied areas. Applications will not be considered until such time as the plan is provided;
- The period to which the application relates;
- Contact details in order to inspect the site where necessary.

10.5 If an application is received without the necessary supporting information, it will result in a delay in the processing of the application.

- 10.6 In the event that supporting information isn't provided within one month of the initial application, the application will be considered ineligible and closed.
- 10.7 The Council will inform applicants in writing of any decision. This letter will also confirm the period for which relief has been awarded and a revised bill will be issued.
- 10.8 Unsuccessful applicants will be notified by letter and provided instructions on how they can appeal the decision.
- 10.9 The granting of relief will be reviewed annually and those in receipt of Discretionary Rate Relief will be asked to supply or confirm relevant information for the purpose of the review.
- 10.10 The Council has the ability to depart from its general policy as to granting relief if it sees fit to do so, taking into account the facts of each case and the interests of residents and Council Taxpayers.

11 ASSESSMENT OF THE AWARD

- 11.1 The Council delegates the decision making power for DRR awards to the Cabinet Member for Finance and Corporate Resources and the Head of Revenues and Benefits (or equivalent post holders¹).
- 11.2 Each decision will adhere to the following process:
- The initial recommendations to award or refuse a DRR top up will be made by the Exchequer Client Manager (Revenues) (or equivalent post holder).
 - Before making a recommendation the Exchequer Client Manager (Revenues) may consult with other Council departments as appropriate.
 - Final approval will be sought from the Cabinet Member for Finance and Corporate Resources and the Head of Revenues and Benefits. All recommended action will be justified by an explanation supporting the proposed decision.
- 11.3 Any officer or Member involved in the decision-making process for DRR must declare if they have an interest in or association with any organisation which is applying for the relief.
- 11.4 In making decisions about applications the Council may:
- Grant relief up to a maximum of 100% of the rates due
 - Grant relief for a sum less than 100% of the rates due or
 - Refuse any application for additional relief.
- 11.5 When considering an application for Section 44A relief, a visit may be made to the premises to confirm the accuracy of the submitted plan. Independent evidence may also be requested and this may be in the form of surveyors' reports, dated photographs, solicitors' letters and estate or letting agents' records (list not exhaustive).

¹ These titles are correct at the time of approving this policy but may be subject to change during 2019/20

- 11.6 The granting of relief will be reviewed annually and those in receipt of Discretionary Rate Relief will be asked to supply or confirm relevant information for the purpose of the review.
- 11.7 If an organisation in receipt of DRR top up ceases to meet the eligibility criteria outlined in this policy, it will cease to receive DRR. The Council will give twelve months written notice prior to the withdrawal of the DRR top up.
- 11.8 An award of Discretionary Rate Relief under powers conferred by the Localism Act will typically be awarded as a temporary measure for a limited period e.g. one financial year.
- 11.9 As a guide, for a charity, CASC or Non-Profit organisation to be eligible for DRR top up, the organisation must not have enough financial resources available in unrestricted funds to continue to operate for more than 12 months, nor should it have sufficient financial resources in unrestricted reserves to continue to operate for more than 12 months, unless a business plan exists detailing how these additional reserves are to be used to benefit the local community.
- 11.10 In exceptional cases, DRR will be granted to organisations which have enough financial resources in unrestricted funds to continue to operate for more than 12 months. This may include charities or community organisations which require large amounts of available resources to sustain the service they deliver to the community. In such cases, the organisation must be able to prove that it offers a service which the Borough's residents depend on, and which they would be unlikely to find elsewhere in the Borough.

12 APPEALS AGAINST DECISIONS

- 12.1 Any organisation requiring a review of a decision may submit a request by email to DiscretionaryRateRelief@oldham.gov.uk
- 12.2 Oldham Council can review a Discretionary Rate Relief, Hardship Relief or Section 44a decision in the event of a dispute or in light of any new information. Final decisions on appeals will be made by the Section 151 Officer (Director of Finance).
- 12.3 If the Ratepayer is further dissatisfied the only remaining route to challenge the decision would be by judicial review in line with Section 138 of the Local Government Act 1988.

13 STATE AID

- 13.1 State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid.
- 13.2 However DRR will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).
- 13.3 The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).
- 13.4 To administer De Minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.
- 13.5 Using the general exception from the state aid rule where the aid is below the “de minimis” level, the Council will limit awards to a maximum of €200,000 to any one business over any three year period.
- 13.6 The UK is scheduled to leave the EU on 29 March 2019. If there is an implementation Period, the State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. If the UK leaves the EU without a negotiated Withdrawal Agreement, the Government has announced its intention to transpose EU State Aid rules into UK domestic legislation. The Council is therefore required to continue to apply State Aid rules, including De Minimis.

14 POLICY REVIEW

- 14.1 The Council will review the Discretionary Rate Relief policy on an annual basis but the Council reserves the right to review and revise the policy at any time as a result of information gained through operating the policy or in response to Government initiatives.
- 14.2 The Cabinet Member for Finance and Corporate Resources in conjunction with the Director of Finance are authorised by Cabinet to agree any revisions to the policy.

ANNEX A: SUPPORTING SMALL BUSINESS RELIEF

- 1 The Supporting Small Business Relief scheme is available for ratepayers who are losing some or all of their small business rate relief as a result of a large rateable value increase following the 2017 revaluation. The scheme is available for 5 years from 1 April 2017.
- 2 The Supporting Small Business relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:
 - A percentage increase per annum of 5%, 7.5%, 10% and 15% in the financial years 2017/18 to 2021/22, all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rates relief or
 - A cash value of £600 per year (£50 per month), this cash minimum increase ensures that those ratepayers who paid nothing or very small amounts in 2016/17 after small business rate relief start to pay something in 2017/18.
- 3 In the first year of the scheme (2017/18), all ratepayers losing some or all of the small business rate relief or rural rate relief saw the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter.
- 4 The Council will identify and award relief to all qualifying hereditaments. No separate application is required.

ANNEX B – DISCRETIONARY REVALUATION RELIEF SCHEME 2019/20

1 This Local Discretionary Business Rate Relief Scheme will apply for the year 1 April 2019 to 31 March 2020 only.

2 To qualify for relief a ratepayer must be in occupation of a property with a rateable value of less than £200,000 and must meet the following criteria:

- The ratepayer must have been liable for rates and in continual occupation of the relevant property since before 1st April 2017.
- The property must be occupied.
- There has been an increase in liability before other reliefs are applied of more than 5% of the eligible occupied charge when compared to the 2016/17 Business Rates bill
- The award of relief must comply with EU law on State Aid. It is the responsibility of the Ratepayers to inform the Council if they have received State Aid that exceeds in total €200,000 over a three year period, including any other rates relief (other than exemptions, transitional or mandatory reliefs) being granted for premises other than the one to which the declaration relates, under the De Minimis Regulations EC 1407/2013.

3 The following businesses will not be eligible for the relief:

Local Authority properties and the wider public sector and businesses that fall into the following categories:

- Financial services (e.g. banks, building societies, cash points, bureau de change, 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)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office
- Betting shops
- Shisha Bars
- Non trading rating assessments (e.g. Advertising rights, parking spaces, communication masts, kiosks Car Parking Spaces)
- Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively).

4 The Council will prioritise the following:

- Local businesses
- Ratepayers occupying lower value properties
- Ratepayers facing the most significant increases in bills
- Business facing hardship as a result of the impact of the revaluation
- Businesses with employees
- Businesses whose rateable value is not currently the subject of an outstanding appeal with the Valuation Office Agency (VOA)

5 **How the Business Rates Discretionary Business Rate Revaluation Relief will be calculated**

Discretionary business rate relief is calculated after any or all of the following have been applied:

- Exemptions and other reliefs, including pub relief and supporting small business relief.
- Transitional arrangements

6 **Amount of relief**

In the 2017/18 financial year, ratepayers the Council believed were eligible for the relief were awarded on a case by case basis up to 100% of the difference between the 2016/17 base charge (before the application of any reliefs) and the 2017/18 business rates bill after all other reliefs and exemptions had been applied.

For businesses who remained eligible in the 2018/19 financial year the relief was restricted to a maximum of 57% of the amount of relief awarded in 2017/18.

However due to the reductions in available Central Government funding from £301k in 2017/18 to £146k in 2018/19 and £60k in 2019/20 each award will be considered on a case by case basis up to a maximum of 55% of the amount received by eligible ratepayers in the 2018/19 financial year.

Where a qualifying ratepayer's 2019/20 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

- A reduction in rateable value in the 2017 rating list
- The provision of a certified value for the 2010 rating list or historical change
- The application of any additional rate relief or exemption
- Vacation and re-occupation of the property
- Any other reason

7 The Council will not make awards in excess of the relevant grant and decisions will take account of available funding. The scheme is for 2019/20 only. Future years' allocations will be reconsidered on an annual basis.

8 **How to Apply**

To enable maximisation of the funding allocation, the Council will award Discretionary Business Rate Revaluation Relief to ratepayers it believes are eligible based on the information it holds. Ratepayers will be notified by letter of their award and asked to confirm any State Aid they receive. If a ratepayer confirms that an award of Revaluation Relief would breach State Aid requirements the award will be removed to ensure compliance with EU law

An application form will be made available online at www.oldham.gov.uk/revaluationrelief and businesses that may fit the eligibility criteria can apply. Decisions will be made by the Council's Exchequer Client Manager (Revenues). Appeals will be considered by the Director of Finance.

9 Hardship

The Cabinet Member for Finance and Corporate Resources in conjunction with the Director of Finance are authorised to vary the criteria and application process of the scheme to support businesses facing hardship following the 2017 revaluation to ensure take up of the scheme and to ensure support to businesses in Oldham is maximised.

ANNEX C – RETAIL DISCOUNT 2019/20

1. Introduction

The Government announced in the Budget on 29 October 2018 that it would provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount will be one third of the bill, and will be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. Where the Council applies a locally funded relief, for instance a localism relief under section 47, this must be applied after the Retail Discount.

2. Which properties will benefit from relief?

Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

Shops, restaurants, cafes and drinking establishments are considered to mean:

- 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)
- 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: hair dressers, 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

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

3. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
4. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

5. **Businesses not eligible for the relief**

The list below sets out the types of uses that the Council does not consider to be retail use for the purpose of this relief. The Council will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

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

- Financial services (e.g. banks, building societies, cash points, bureaux de change, 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)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

Hereditaments that are not reasonably accessible to visiting members of the public

6. Cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, the Council will exercise its discretion to determine if the business fits the scope of retail discount as set out by the government.

7. How much relief will be available?

The total amount of government-funded relief available for each property for 2019/20 and 2020/21 under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where the Council has used discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants. There is no relief available under this scheme for properties with a rateable value of £51,000 or more. However, where the Council applies a locally funded relief under section 47 this is must be applied after the Retail Discount.

8. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for particular hereditament in the financial year 2019/20:

$$\text{Amount of relief to be granted} \\ \frac{V}{3}$$

where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where the Council has used its discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.

- 9 This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
10. 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.
11. **Splits, mergers, and changes to existing hereditaments**

The relief should be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.