

Business Rates Hardship Relief policy

Version Control

| Version | Version date | Author | Description |
|---------|--------------|-------------|---------------------------------|
| 1 | March 2010 | E Woodhouse | Added to library |
| 2 | July 2014 | E Woodhouse | Updated for funding proportions |

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BUSINESS RATES HARDSHIP RELIEF - PCC

Hardship relief is not a national policy - it is local and tailored to local priorities and circumstances.

Criteria:

- The organisation has suffered genuine hardship,
- That hardship is of a one-off nature,
- There is a genuine prospect of the organisation going out of business without such hardship relief, and
- There is a genuine prospect of the organisation remaining as a going-concern after the award of Hardship Relief

The Council will not grant relief where that relief could not be demonstrated to make a significant difference to the financial future of the receiving company. In other words, the Council needs to be satisfied that with any financial assistance provided, the business would be a going concern over the medium term.

Full details of why the business is experiencing hardship are required together with plans as to how the business can improve its position.

Relief is unlikely to be given unless there are clear indications that the granting of relief will ensure the long term future of the business.

Any relief awarded will be for a maximum of one year.

GOVERNMENT GUIDANCE ON HARDSHIP RELIEF

7.1 Section 49 of the Local Government Finance Act 1988 gives billing authorities the discretion to reduce or remit the payment of rates for any ratepayer. A billing authority can reduce or remit the payment of rates where it is satisfied that the ratepayer would sustain hardship if it did not do so and it is reasonable for it to do so having regard to the interests of its council tax payers.

7.2 Whilst it is for each billing authority to decide on the facts of each case whether to exercise its powers under section 49 - and to judge the extent of those powers - authorities may wish to bear the following guidance in mind:

(i) Although authorities may adopt rules for the consideration of hardship cases, they should not adopt a blanket policy either to give or not to give hardship relief: each case should be considered on its own merits and the application process kept as simple and streamlined as possible to enable decisions to be made quickly;

(ii) Reduction or remission of rates on grounds of hardship should be the exception rather than the rule;

(iii) All relevant factors affecting the ability of a business/ratepayer to meet their liability for rates should be taken into account;

(iv) 50% of the cost of any reduction or remittance of rates is offset against an authority's payment into the national non-domestic rate pool: 50% must be borne locally and met by the authority;

(v) The 'interests' of council taxpayers in an area may go wider than direct financial interests. For example, where the employment prospects in the area would be worsened by a company going out of business, or the amenities of an area might be reduced by, for instance, the only provider of a service in the area;

(vi) Where the granting of relief would have an adverse effect on the financial interests of council tax payers, the case for a reduction or remission of rates payable may still on balance outweigh the cost to tax payers if the other interests of the council tax payers are greater;

(vii) Hardship rate relief may in some cases constitute state aid, and may need to be notified to the European Commission;

(viii) The hardship caused to a ratepayer may be self-evident, for example where a business has been affected by severe loss of trade, due to external factors such as natural disasters. However, authorities may wish to consider how the business can demonstrate such loss of trade or business. For example, do accounts, order books, till receipts or VAT returns show a marked decline in trade compared to corresponding periods in previous years?

(ix) Authorities should be clear in awarding relief that it will be granted only for the period for which there is clear evidence of hardship for the ratepayer concerned; and

(x) To guard against fraudulent claims, authorities should satisfy themselves that the claim is from a ratepayer suffering genuine hardship.

7.3 Whilst the Non-Domestic Rating (Discretionary relief) Regulations 1989 do not apply to decisions in respect of hardship relief under section 49, billing authorities should nonetheless consider establishing clear rules for notifying ratepayers as to their decisions under section 49 as soon as is practicable.

7.4 Applications for relief on the grounds of hardship need not be in writing and relief can commence when the applicant meets the requirements. Hardship relief should be reviewed regularly and should be given for short fixed periods which could be renewed following a review rather than for extended periods without review but can straddle financial years.