Portsmouth
CITY COUNCIL

Policy for the granting of Discretionary Non-Domestic Rate Relief

Version Control

Version	*Version date*	*Revised by*	*Description*
1	July 1998	-	Original policy
1.1	February 2002	V Lane	Update for leisure attractions & Guildhall
1.2	May 2013	V Fair	Update to new style
1.3	June 2013	C Lennard	Minor updates
2	February 2014	E Woodhouse	New discretionary reliefs
2.1	March 2014	E Woodhouse	Update for Flood relief
2.2	April 2014	E Woodhouse	Update for Reoccupation relief
2.3	January 2015	E Woodhouse	Update for change to Retail Relief amount
2.4	February 2015	C Lennard	Update for extension of Transitional Relief
2.5	June 2015	C Lennard	Service changes - name changes
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3.1	January 2020	M Willis / S Allen / S Ranaghan	Amendment to maximum award percentage for Discretionary Relief for Revaluation Support. Approved by Director of Finance & Resources,
3.2	January 2020	M Willis / S Allen / S Ranaghan	Amendment to Discretionary Relief for Revaluation Support for 2020-21 Approved by Director of Finance & Resources.
3.3	February 2020	S Allen/ S Ranaghan	Amendment to Retail Rate Relief and Newspaper Relief for 2020-21 and inclusion of Pubs Relief for 2020-21. Approved by Director of Finance & Resources.
3.4	March 2020	M Willis	Amendments following Budget 2020 and Government response to Covid-19
3.5	March 2021	M Willis / S Allen / S Ranaghan	Revisions for 2021
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3.9	January 2025	M Willis / S Ranaghan	Revisions for 2025

3.10	February 2026	M Willis / S Ranaghan	Revisions for 2026

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1.0 Purpose of the Policy

1.1 The purpose of this policy is to determine the level of discretionary relief to be granted to certain defined ratepayers within the City Council's area.

1.2 The Local Government Finance Act 1988 and subsequent legislation requires that the Council grants mandatory rate relief for premises occupied by charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Powers have also been granted under the Localism Act 2011, which allows for the granting of discretionary rate relief to any premises where the Council determines that granting of such relief would be of benefit to the local community.

1.3 Whilst the Council is required to grant relief to premises which fall into the mandatory category, the Council also has powers to grant discretionary relief to ratepayers subject to certain criteria being met. In the case of certain discretionary reliefs, guidance has been issued by Central Government outlining the approach to be taken by local authorities.

1.4 It is the responsibility of ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the Minimal Financial Assistance MFA limit. The new UK subsidy control regime commenced on 4 January 2023. The new regime enables public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored to local needs. Public authorities giving subsidies must comply with the UK's international subsidy control commitments. The subsidy control legislation provides the framework for a new, UK wide subsidy control regime.

1.5 There is not a statutory requirement for ratepayers to submit a written application for relief, and the absence of a formal application does not prevent Portsmouth City Council granting relief where it considers the circumstances appropriate. In order to determine if relief is appropriate however for individual ratepayers, Portsmouth City Council will typically only consider applications made using the application form that is available on the Council's website, together with the relevant supporting documentation/evidence.

1.6 This policy covers all aspects of discretionary rate relief (subject to changes in legislation). Where organisations apply for relief, they will be granted (or not granted) relief in line with the following policy, however this is not intended to be a "blanket policy" and each application will be considered on its own merit.

1.7 The Government over recent years have increasingly used discretionary relief to support businesses. Portsmouth City Council will promote and maximise take up of current and any new initiatives introduced by government where funding is provided by a section 31 grant under the Local Government Act 2003.

1.8 Ratepayers are required, in all applications for mandatory, and/or discretionary rate reliefs, to enable Portsmouth City Council access to their premises to establish the use of the property before the council determines their eligibility for relief. Where the ratepayer refuses access, no relief will be provided.

1.9 The award of discretionary rate relief has an impact on the council taxpayers of Portsmouth, and as a result it is essential that Portsmouth City Council ensure that only those ratepayers that are eligible, receive the appropriate relief.

1.10 This document also outlines the following areas:

- Details of the criteria for receiving Discretionary Relief for all relevant areas.
- The Council's policy for granting of all types of Discretionary Relief.
- Guidance on granting and administering the relief.
- UK Subsidy Control Regime; and
- The Scheme of Delegation.

2.0 Mandatory Relief - Legislative Background

Charity Relief

2.1 The powers relating to the granting of mandatory[1] and discretionary relief are given to the authority under the Local Government Finance Act 1988[2]. Charities and Trustees for Charities are only liable to pay one fifth of the Non-Domestic Rates that would otherwise be payable where property is occupied and used wholly or mainly for charitable purposes. This amounts to mandatory relief of 80%. For the purposes of the Act a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. The provision has recently been extended under the Local Government Act 2003 (effective from 1st April 2004) to registered Community Amateur Sports Clubs (CASCs).

2.2 The authority has discretion to grant relief of up to a further 20% for these cases under the discretionary provisions.

Rural Rate Relief

2.3 The City Council has no rural settlements within its area.

Mandatory Relief - Public Lavatories

2.4 The Non-Domestic Rating (Public Lavatories) Act 20001 has enabled mandatory rate relief of 100% to be granted for all premises which consist wholly or mainly of public lavatories.

2.5 As with other area of Non-Domestic Rating, 'Wholly' means 100% and 'mainly' means at least 51% of the hereditament consists of public lavatories.

2.6 For any day that the conditions are met, the charge shall be zero.

2.7 The mandatory rate relief can be awarded with effect from 1 April 2020, and as it is granted as a mandatory relief rather than a discretionary relief it can be awarded to all ratepayers, meeting the eligibility conditions, including both the billing and precepting authorities.

Mandatory Relief - Heat Networks

2.8 At the Spring Statement 2022, the Chancellor announced that the heat network relief will apply from 1 April 2022 and will be delivered using existing local government discretionary relief powers funded by the government until the relief can be provided via legislation.

[1] S43 & S45 Local Government Finance Act 1988
[2] S47 & S48 Local Government Finance Act 1988

2.9. The government has brought forward legislation to provide for a 100% mandatory heat network relief in line with the eligibility criteria set out in this guidance.

Which properties will benefit from the relief?

2.10 In order to be eligible for Heat Network Relief the hereditament must be:

a. wholly or mainly used for the purposes of a heat network, and

b. the heat is over the next 12 months expected to be generated from a low carbon source (irrespective of whether that source is located on the hereditament or on a different hereditament).

2.11. We would anticipate the test at b above being made based on a forecast at the start of each financial year and the council will not revisit that forecast and review the relief retrospectively for the same year. Nevertheless, the council may still review the eligibility for relief mid-year if, for example, there are changes to the type of plant installed at the facility.

Wholly or mainly used for the purpose of a heat network

2.12 For these purposes, a heat network is a **facility, such as a district heating scheme, which supplies thermal energy from a central source to consumers via a network of pipes for the purposes of space heating, space cooling or domestic hot water.** Hereditaments wholly or mainly providing heat for a different purpose (such as an industrial process) are not eligible. The government will keep under review the incidence of heat networks in any industrial process context and whether they should benefit from the relief.

2.13 The test should be applied to the hereditament as a whole and heat network relief is not available on part of a hereditament. Many small and medium scale heat networks, such as common heating systems in multi-occupied buildings or estates, do not give rise to a separate business rates bill. In these cases, the heat network forms part of the services of the properties which have a wider purpose (e.g. offices) and therefore would not be eligible for Heat Network Relief. We expect those networks eligible for the relief to be the larger facilities which have their own business rates assessment.

2.14 The test is on thermal energy. This means that the purposes of generating electricity does not count towards meeting the wholly or mainly test and, as a result, the government does not anticipate hereditaments comprising power stations and a heat recovery and network system to qualify. A hereditament comprising a Combined Heat and Power (CHP) facility where the generation of electricity at the hereditament was more significant than the generation and supply of heat would not qualify for the relief. However, if a heat recovery and network system taking heat from a power station was, for whatever reason, in a separate hereditament from the power station then it may still qualify subject to meeting the other tests of eligibility.

2.15 Similar considerations will apply where the heat is being taken from an incinerator or Energy from Waste (EfW) Plant. If the heat network forms part of the same hereditament as the incinerator or EfW plant then, unless it has been designed specifically as a heat network, it is unlikely to pass the wholly or mainly test (its primary purpose more likely being incineration of waste or generation of power). However, it may qualify (subject to the other tests of eligibility) if the heat network forms its own hereditament (i.e. if the heat is coming in from a different hereditament such as the case of a heat network which purchases heat from a separately assessed EfW lant).

The heat is generated from a low carbon source

2.16 A low carbon source is a source of which at least:

a. 50% is renewable as defined below,

b. 50% is waste heat,

c. 75% is cogeneration heat (where cogeneration' means the simultaneous generation in one process of thermal energy and electrical or mechanical energy), or

d. 75% is a combination of the sources above.

2.17 A renewable source is any of the sources listed in Class 1(e) of the Schedule to the Valuation for Rating (Plant and Machinery) (England) Regulations 2000 (SI 2000 No. 540) as inserted by [regulation 2(b) of SI 2022 No. 405.]

2.18 Waste heat includes heat or coolth unavoidably generated as a by-product of another process, which would be wasted if not used for the purposes of a district heating network. This may include heat generated through the incineration of waste (although as noted at paragraph 2.15 above hereditaments which are primarily for the purpose of the incineration of waste or generation of electricity from waste would not pass the first test in 2.10 (a) above).

2.19 Combined Heat and Power (CHP) sources will qualify as sources of cogeneration heat including gas CHP. However, as noted in paragraph 16 above, a hereditament comprising a CHP facility would still have to meet the first test of the relief – that the hereditament was wholly or mainly used for the purposes of a heat network (and not for example wholly or mainly for the purpose of generating and selling electricity).

2.20 This definition is largely based on Article 2 of the Directive 2012/27/EU of the European Parliament and of the Council, is widely recognised and understood in the heat network sector and used for other purposes (such as the Heat Networks Investment Project (HNIP). Therefore, local authorities can expect the operators of potentially eligible heat networks to understand this definition and be able to declare and evidence whether they consider they meet the test of a low carbon source. For these purposes we would anticipate a much simpler declaration than the information provided as part of the HNIP application. Local authorities should seek such a declaration from the ratepayer to inform them as to whether they meet the low carbon test.

How much relief will be available?

2.21 Relief is available at 100% of the chargeable amount for the hereditament for any day on which the eligibility criteria are met. Therefore, for eligible hereditaments the rates liability will fall to nil from 1 April 2024.

2.22 As discussed above, Heat Network relief is not available on only part of the hereditament. If the eligibility criteria are met for the hereditament as a whole then full relief should be applied even if, for example, the hereditament contains some plant (such as a back-up boiler) which may not in isolation meet the low carbon tests. Equally, a hereditament which overall does not meet the eligibility criteria cannot receive partial relief on an individual item of plant which in isolation may have passed the tests.

Sequence of reliefs

2.23 The heat network relief should be applied after mandatory reliefs but before any other discretionary reliefs.

Subsidy control

2.24 The Heat Network relief is subject to the UK's domestic and international subsidy control obligations. Businesses eligible for relief will need to fulfil any requirements in place to ensure compliance with those obligations in advance of, during, and after claiming relief. See the BEIS guidance for public authorities which contains guidance and information for the new UK subsidy control regime, which commenced on 4 January 2023.

Recalculation of reliefs

2.25 As with other reliefs, the amount of heat network relief awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year.

2.26 Therefore, when making an award for Heat Network Relief, local authorities should ensure in the conditions of the award that the relief are subject to the property's continuing eligibility. If the use of the property changes so that it is no longer eligible, the relevant chargeable amount must be recalculated to reflect that fact.

3.0 Discretionary Relief – Legislative Background

Introduction

3.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to ‘top up' cases where ratepayers already receive mandatory relief.

3.2 Over recent years and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide assistance to businesses and organisations.

3.3 The range of bodies, which are eligible for discretionary rate relief, is wide and not all of the criteria laid down by the legislation will be applicable in each case.

3.4 Ratepayers are obliged to make a written application to the City Council, and provide supporting documentation and evidence as required.

3.5 The City Council is obliged to consider carefully every application on its own merits, taking into account the contribution that the organisation makes to the amenities of the area. There is no statutory appeal process against any decision made by the Council although as with any decision of a public authority, decisions can be reviewed by judicial review.

3.6 Granting of the relief falls broadly into the following categories:

a. Discretionary Relief – Charities who already receive mandatory relief.

b. Discretionary Relief – Premises occupied by organisations not established or conducted for profit whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.

c. Discretionary Relief – Premises occupied by organisations not established or conducted for profit and wholly or mainly used for purposes of recreation.

d. Discretionary Relief – Rural Rate relief - premises that already receive mandatory relief (not applicable to the City Council).

e. Discretionary Relief – Rural Rate relief - premises not receiving mandatory relief but of benefit to the local community and less than £16,500 RV (not applicable to the City Council).

f. Discretionary Relief – Granted under the Localism Act 2011 provisions.

g. Local Newspaper Relief (From 1 April 2017 until 2025)

h. Supporting Small Business Relief (From 1 April 2023 until 31 March 2026)

i. Retail, Hospitality and Leisure Relief (From 1st April 2023 until 31 March 2025)

j. Hardship Relief - granted under section 49 of the Local Government Finance Act 1988.

3.7 The decision to grant or not to grant a relief us a matter for the Council.

4.0 Mandatory Relief for charitable organisations

General Explanation

4.1 Section 43 of the Local Government Finance Act 1988 allows mandatory relief (80%) to be granted on premises if the ratepayer is a charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes. No charge is made in respect of unoccupied premises where it appears that *when next in use* it will be used wholly or mainly for those purposes.

4.2 The legislation has been amended by the Local Government Act 2003 (effective from 1st April 2004) to include registered[3] Community Amateur Sports Clubs (CASC). These organisations can now receive the mandatory (80%) relief.

Charity registration

4.3 Charities are defined within the legislation as being an institution[4] or other organisation established for charitable purposes only or by persons administering a trust established for charitable purposes only.

4.4 The question as to whether an organisation is a charity may be resolved in the majority of cases by reference to the register of charities maintained by the Charity Commissioners under s.4 of the Charities Act 1960.

4.5 An organisation being registered as a charity does not however necessarily entitle them to automatically receive mandatory rate relief, as the overriding principle relates to what the property is being used for. This is particularly important to any fee charging organisations, and clear evidence will be required to establish that:

- the property occupied is used wholly or mainly for charitable purposes and;
- where the organisation is not a registered charity, its purpose is carried out for the public benefit as detailed in section 4 of the Charities Act 2011.

4.6 The authority would consider charitable organisations, registered or not, for mandatory relief.

4.7 Certain organisations are exempted from registration and are not required to make formal application to the Charity Commissioners these are:

- the Church Commissioners and any institution administered by them;
- any registered society within the meaning of the Friendly Societies Acts of 1896 to 1974;
- units of the Boy Scouts Association or the Girl Guides Association; and
- voluntary schools within the meaning of the Education Acts of 1944 to 1980

[3] Registered with HMRC as a CASC
[4] S67(10) Local Government Finance Act 1988

Use of Premises – wholly or mainly used.

4.8 Irrespective of whether an organisation is registered as a charity or not, the premises must be wholly or mainly used for charitable purposes. This is essential if any relief (either mandatory or discretionary) is to be granted. In most cases this can be readily seen by inspection but on occasions the authority has had to question the actual use of the premises.

4.9 Guidance from the central government has stated that in the case of 'mainly', at least 51% must be used for charitable purposes whether of that charity or of that and other charities.

4.10 Given the significant infrastructure, availability of public transport, and the Council's commitment to reduce air pollution, it is determined that, with the exception of disabled badge holders, the use of private motor vehicles for volunteers and parking for the employees of an organisation are not instrumental to the functions of the organisation, and as such where parking spaces are assessed separately to the main premises, and are not reserved specifically for disabled users, the parking spaces will not be determined as being used wholly or mainly for charitable purposes, and as such mandatory rate relief will not be granted in respect of their use.

4.11 The following part of this section gives details on typical uses where relief may be given plus additional criteria that have to be satisfied. The list is not exhaustive but gives clear guidance on premises for which mandatory relief can be granted.

Offices, administration and similar premises

4.12 Premises used for administration of the Charity including:
- Offices
- Meeting Rooms
- Conference Rooms

Charity shops

4.13 Charity shops are required to meet additional legislative criteria if they are to receive mandatory (and therefore discretionary) relief. Section 64(10) of the Local Government Finance Act 1988 provides that a property is to be treated as being wholly or mainly used for charitable purposes at any time if, at the time, it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods (after any deduction of expenses) are applied for the purposes of the charity.

4.14 In order to ascertain whether an organisation meets these requirements, inspections may be made by staff when an application is received.

Charity Relief - Mandatory Relief recipients, the City Council's Policy

4.15 Organisations already in receipt of mandatory relief will not generally be eligible for discretionary relief but applications will be considered on their own merits from charitable bodies & Community Amateur Sports Clubs, which can demonstrate that their activities are consistent with the City Council's core values and priorities and tackling poverty strategy.

4.16 Generally discretionary rate relief will not be given to charity shops as these are in direct competition with conventional shops and relief above the 80% mandatory rate relief may lead to the loss of trade for commercially run shops.

4.17 A decision to award discretionary relief and how much relief is given is only applicable to the financial year for which the application is made.

4.18 A fresh application for discretionary relief will be necessary for each financial year.

5.0 Discretionary Relief – Non Profit-Making Organisations including Recreation.

General explanation

Non-Profit

5.1 The legislation[5] allows the authority to grant discretionary relief where the property is not an *excepted* one and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.

5.2 Relief cannot be granted to any premises occupied by the City Council, or any town or parish council *(excepted premises).*

5.3 A number of issues arise from the term 'not established or conducted for profit'. This requires the authority to make enquiries as to the overall purpose of the organisation although if surpluses and such amounts are directed towards the furtherance or achievement of the objects of the organisation, then it does not necessarily mean that the organisation was established or conducted for profit.[6]

Recreation Clubs

5.4 Ideally all recreation clubs should be encouraged to apply for CASC status, which would automatically entitle them to 80% relief whilst at the same time ensuring that no cost of the relief is borne by the authority.

5.5 Recreation clubs can also apply to the Charity Commissioners for registration as a charity (thereby falling under the mandatory provisions for 80% relief) where they meet the following conditions:

a. The promotion of community participation in healthy recreation and by the provision of facilities for the playing of particular sports; and
b. The advancement of the physical education of young people not undergoing formal education.

5.6 Where sports clubs do not meet the CASC requirement, and are not registered charities, discretionary relief can be granted (0-100%) where the property is not an *excepted* one, it is wholly or mainly used for purposes of recreation and all or part of it is occupied for the purpose of a club, society or other organisation not established or conducted for profit.

5.7 Sport England can provide a definition of recreation for these purposes.

5.8 Within this area the authority also considers whether the facilities provided relieve the authority of the need to do so or enhance and supplement those that it does provide.

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[5] S47 Local Government Finance Act 1988

[6] National Deposit Friendly Society v Skegness Urban District Council (1958)1 and Guinness Trust (London Fund) v West Ham County Borough Council (1959)

Discretionary Relief - Non–Profit Organisations including Recreation – the City Council’s Policy

5.9 Applications will be considered from non-profit making organisations, which can demonstrate the following:

a. That the activities of the organisation are consistent with the City Council's core values and priorities, and tackling poverty strategy;

b. That they are non-profit making associations, groups, clubs which are accessible to all potential users, possess a representative management group and are clearly accountable to users, beneficiaries and members (e.g., evidence of constitution, AGM, membership and/or participation are required);

c. That the membership comprises mainly residents of Portsmouth or that activities are of direct benefit to residents of Portsmouth;

d. Both as an employer, and provider of services, the organisation shall seek to eliminate all forms of discrimination in its activities and shall undertake its work with due regard to the Race Relations Act 1976, the Sex Discrimination Act 1975, the Disability Discrimination Act 1996 and the City Council's own commitment to equal opportunities;

e. The organisation shall not discriminate on grounds of race, gender, disability or political or religious persuasion (except in so far as the objectives of the organisation specifically address one section or group within the community);

f. That its membership is committed financially through subscriptions and other fund-raising activities to provide facilities etc., for the organisation and its membership;

g. That without relief the organisation may experience financial hardship.

5.10 Organisations already in receipt of grant aid from the City Council will not generally be eligible for discretionary relief.

5.11 A decision to award discretionary relief and how much relief is given is only applicable to the financial year for which the application is made.

5.12 A fresh application for discretionary relief will be necessary for each financial year.

6.0 Discretionary Relief – Localism Act 2011

General explanation

6.1 Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988. These provisions allow authorities to grant discretionary relief in **any** circumstances where it feels fit having regards to the effect on the council taxpayers of its area.

6.2 The provisions are designed to give authorities flexibility in granting relief where it is felt that to do so would be of benefit generally to the area and be reasonable given the financial effect to council taxpayers.

Discretionary Relief – Localism – the City Council's Policy

6.3 Applications will be considered from any ratepayer who wishes to apply however, where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then relief can be granted under the existing provisions as laid down by Section 49 of the Local Government Finance Act 1988. There will be no requirement to grant relief in such cases under the City Council's discretionary relief policy.

6.4 Any ratepayer applying for discretionary rate relief under these provisions and who does not meet the criteria for existing relief (charities, non-profit making organisations or rural premises) must meet **all** of the following criteria and the amount of relief granted will be dependent on the following key factors:

a. The ratepayer **must not** be entitled to mandatory rate relief;

b. The ratepayer **must not** be an organisation that could receive relief as a non-profit making organisation or as a sports club or similar;

c. The ratepayer **must** occupy the premises;

d. The premises and organisation **must** be of *significant* benefit to residents of the city;

e. The premises and organisation **must** relieve the City Council of providing similar facilities;

f. The ratepayer **must**;

    a. Provide facilities to certain priority groups such as elderly, disabled, minority groups, disadvantaged groups; **or**
    b. Provide *significant* employment or employment opportunities to residents of the City; **or**
    c. Provide the residents of the City with such services, opportunities or facilities that cannot be obtained locally or are not provided locally by another organisation;

g. The ratepayer **must** demonstrate that assistance (provided by the discretionary rate relief) will be for a *short time only* **and** that any business /

operation is financially viable in the medium and long term; **and**

h. The ratepayer **must** show that the activities of the organisation are consistent with the City Council's core values and priorities and tackling poverty strategy.

6.5 Where a ratepayer can demonstrate that **all** of the above criteria are met, relief will be considered for a period of one year.

7.0 Relief for partly occupied properties

General explanation

7.1 Section 44a of the Local Government Finance Act 1988 provides local authorities with the discretion to grant relief where it appears to the Council that part of the property is unoccupied and will remain so for a short period of time only.

7.2 The definition of what is a 'short period of time' is not prescribed, as such a billing authority will be required to make this determination based on the individual circumstances of each request.

7.3 Section 44a relief is not intended to apply where a property is temporarily not used; instead, is aimed at situations where the ratepayer has practical difficulties in occupying or vacating parts of the property in a single operation.

Relief for partly occupied properties – the City Council's Policy

7.4 Any award of relief will commence on the day the property became partly unoccupied and will end on the first day of:

- where all or part of the unoccupied area becomes occupied.
- where the premises becomes fully unoccupied.
- where the ratepayer changes.

7.5 The empty part of the property will receive exemption from business rates for a maximum period of 3 months, unless the award relates to an industrial property, whereby this maximum is extended to 6 months. Following this exemption period, the full occupied charge for the whole property will apply.

7.6 All applications for this relief should enclose a floor plan of the rating assessment in question, which clearly defines the occupied and unoccupied area, including full details of the corresponding square footage.

7.7 All applications for this relief should detail the specific details of the difficulties faced by the organisation in occupying or vacating the property in a single operation, and supporting evidence, such as project plans should also be supplied to support the application.

7.8 Applications will not be accepted in respect of retrospective periods after which full occupation has taken place.

7.9 Relief will not be awarded where it has not been possible to verify the situation by undertaking a visit to the property during the vacant period.

7.10 Relief will not be awarded where a property is partly unoccupied due to refurbishment.

7.11 The following part of this section gives details on typical situations where relief may be given. The list is not exhaustive but gives guidance on situations where Section 44a relief may be considered:

- where the partial occupation of a warehouse, factory or other commercial property is used to facilitate the permanent relocation of the company;
- where fire, flood or other natural disaster prevents full occupation of the property.

7.12 The following part of this section gives details on typical situations where relief would not typically be given. The list is not exhaustive but gives guidance on situations where Section 44a relief is less likely to be considered:

- where the part occupation is likely to continue year on year
- where there appears to be no genuine effort to let, occupy or sell the empty part
- where part occupation is seasonal
- where the property owner sublets part of the premises on a commercial basis.

7.13 Portsmouth City Council's discretion with regards section 44a relief ends once a request for a certificate is issued to the Valuations Office Agency (VOA). Once the VOA have issued a certificate confirming a change to the rateable value, the billing authority has no further discretion in the matter.

8.0 Hardship Relief

General explanation

8.1 Section 49 of the LGFA 1988 provides the billing authority with discretionary powers to reduce or remit the amount a ratepayer is required to pay in respect of either an occupied or empty property where the authority is satisfied that the ratepayer would sustain hardship, and it is reasonable, having regards to the interests of the local council taxpayer.

8.2 Such hardship relief is not a national policy - it is local and tailored to local priorities and circumstances.

8.3 There is no statutory definition of hardship, and the council must therefore make decisions on an individual basis, on whether to exercise its powers under section 49, and to judge the extent of those powers. Local Authorities may choose to bear in mind the following guidance from government:

- 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;

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

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

- 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;

- Where the granting of relief would have an adverse effect on the financial interests of council taxpayers, 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;

- 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?

- 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

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

8.4 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.

Hardship Relief – the City Council's Policy

8.5 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.

8.6 Applications for hardship relief need not be in writing, however to assist the Council in its determination, the organisation will be required to demonstrate that it meets the following 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.

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

8.8 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.

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

9.0 Relief for Local Newspapers

General explanation

9.1 The government introduced a temporary relief of £1,500 business rates relief for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and property, up subsidy allowance limits from 1st April 2017.

9.2 The Chancellor of the Exchequer announced an extension to the £1,500 business rates discount for local newspapers' office space to 2019/20 at the 2018 Autumn Budget on 29th October 2018.

On 27th January 2020, The Financial Secretary to the Treasury made a written ministerial statement announcing that Government will extend the duration of the local newspapers office space discount for a further 5 years to 31st March 2025.

9.3 The relief does not apply to:

- Local council magazines
- Online publications
- Local magazines

9.4 To qualify for the relief, the property must be occupied by a local newspaper and be wholly or mainly used as office premises for journalists and reporters.

9.5 Relief for local newspapers is delivered through local authority discretionary powers under section 47 (3) of the Local Government Finance Act 1988.

Relief for Local Newspapers – the City Council's Policy

9.6 There is no requirement for ratepayers to complete an application form. In order to receive this relief, the council will identify potential recipients and award any eligible reliefs automatically.

9.7 If a ratepayer believes they qualify for this relief, and it has not been applied to their business rates account, they should contact Portsmouth City Council's business rates team at businessratesteam@portsmouthcc.gov.uk

10.0 2026 Supporting Small Business Rate Relief (1 April 2026 to 31 March 2029)

General explanation

10.1 For 2026/27 to 2028/29, the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988, to grant 2026 SSBR.

10.2 It will be for individual local authorities, which administer the 2026 SSBR, to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.

10.3 Central government will reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the 2026 SSBR that falls within the definitions in this guidance.

Who is eligible for Supporting Small Business Rate Relief (1 April 2023 to 31 March 2026) and how much relief will be available?

10.4 2023 Supporting Small Business Rate Relief will help those ratepayers who as a result of a change in their rateable value at the 2026 revaluation are losing some or all of their Small Business Rate Relief, and as a result are facing large increases in their bills as a result of losing some or all of their:

a. Small Business Rate Relief or Rural Rate Relief,
b. 40% Retail Hospitality and Leisure Relief, and/or
c. 2023 Supporting Small Business Relief.

10.5 Charities and Community Amateur Sports Clubs, who are already entitled to Mandatory Charity relief, are not eligible for 2026 Supporting Small Business Rate Relief.

10.5 To support eligible ratepayers, 2026 SSBR will ensure that the increase in the bills of these ratepayers is limited to £800 per year or the relevant caps within transitional relief whichever is the greater.

10.6 For those ratepayers receiving 2023 SSB relief on 31/3/26 (including those also receiving SBRR, RHL Relief on 31/3/26), any eligibility for 2026 SSBR will end on 31 March 2027. All other eligible ratepayers remain in 2026 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.

10.7 There is no second property test for eligibility for the 2026 SSBR scheme. However, those ratepayers who during 2025/26 lost entitlement12-monthl 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 (or from 27/11/25 3 years) - can continue on the 2026 SSBR scheme for the remainder of their period of grace.

Sequence of reliefs

10.8 Hereditaments eligible for Charitable Mandatory Rate Relief which are unoccupied are not eligible for 2026 Supporting Small Business Rate Relief, and for the avoidance of doubt, small business rates relief should not be applied to further reduce the bill found under 2026 Supporting Small Business Rate Relief (to avoid the double counting of relief) For example:

- a non-RHL ratepayer eligible for Small Business Rate Relief whose rateable value has increased from £3,000 (paying £0 in 2025/26) to £14,000 would be paying the following in 2026/27 before 2026 SSBR:

Bill before reliefs (including 1p Transitional Relief Supplement):	£6,188
Bill after transitional relief:	£1,572
Bill after Small Business Rates Relief (@ 1/3):	£1,048

- After 2026 SSBR the bill for 2026/27 would be reduced to £800. No further Small Business Rate Relief should be applied to the £800 bill. No addition for Transitional Relief Supplement is made to a bill within SSBR.

10.9 The same principle applies to properties for which a Section 44A certificate has been granted. The presence of a Section 44A certificate should not further reduce the bill founder under the 2026 Supporting Small Business Rate Relief.

10.10 All other discretionary reliefs should be considered after the application of 2026 Supporting Small Business Rate Relief

Subsidy control

10.11 The 2026 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.

10.12 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 2026/27 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'. 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.

10.13 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.

10.14 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the local authority needs to include details of the subsidy on the subsidy control database.

Recalculations of reliefs

10.15 As with other reliefs, the amount of SSBR awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year.

Supporting Small Business Rate Relief– the City Council's Policy

10.19 The council has decided to grant relief strictly in accordance with Central Government guidelines.

10.20 There is no requirement for ratepayers to complete an application form. In order to receive this relief, the council will identify potential recipients and award any eligible reliefs automatically.

10.21 If a ratepayer believes they qualify for this relief, and it has not been applied to their business rates account, they should contact Portsmouth City Council's business rates team at businessratesteam@portsmouthcc.gov.uk

11.0 Discretionary Relief - Pubs and Live Music Venue Relief (2026/27)

General explanation

11.1 On 27 January 2026, the government announced that eligible pubs and live music venues in England will receive a 15% reduction on their business rates bills for the 2026/27 financial year.

11.2 On 27 January 2026, the government also announced that eligible pubs and live music venues' business rates bills would be frozen in real terms in 2027/28 and 2028/29. Separate guidance will be provided for the delivery of that measure ahead of the relevant financial years.

11.3 The government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.

11.4 The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the definitions in this guidance, using a grant under section 31 of the Local Government Act 2003.

Pubs and Live Music Venues Relief - the city council's policy

Which properties will benefit from relief?

11.5 Hereditaments that meet the eligibility criteria for pubs and live music venues relief will be occupied hereditaments which meet all of the following conditions for the chargeable day:

They are wholly or mainly being used:

- As a pub
- As a live music venue

Pubs

11.6 We consider a pub to mean a hereditament where all the following criteria apply. A hereditament that:

a. is open to the general public
b. allows free entry other than when occasional entertainment is provided
c. allows drinking without requiring food to be consumed
d. permits drinks to be purchased at a bar

11.7 For these purposes, the meaning of a pub does not include:

a. restaurants, cafes, nightclubs, snack bars
b. hotels, guesthouses, boarding houses
c. sporting venues
d. festival sites, theatres, cinemas
e. museums, exhibition halls
f. casinos

11.8 The exclusions in the list in the paragraph above is not intended to be exhaustive and it will be for the council to determine those cases where eligibility is unclear.

11.9 Where eligibility is unclear the council will consider broader factors in it's assessment – i.e. in meeting the stated intent of the policy that it demonstrates the characteristics that would lead it to be classified as a pub by the natural meaning of the word. For example: being owned and operated by a brewery; establishments that are open to wide sections of local communities and practically operate as a pub for that local community e.g. working men's club.

Live Music Venues

11.10 We consider a live music venue to mean a hereditament that:

a. Is wholly or mainly used for the performance of live music for the purpose of entertaining an audience

b. Can be used for other activities but only if those other activities:

- are ancillary or incidental to the performance of live music (e.g. the sale of food or drink to audience members)
- do not affect the primary use of the premises for the performance of live music (e.g. because the activities are infrequent such as use of the venue as a polling station or fortnightly community event)

11.11 Properties are not a live music venue for the purpose of this relief if the property 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).

11.12 There may be circumstances where 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 to 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.

How much relief will be available?

11.13 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 a particular hereditament in the 2026/27 financial year:

a. Amount of relief to be granted = V x 0.15 (i.e. 15% relief) where:

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and certain other discretionary reliefs in line with the guidance in paragraphs 11.18 and 11.19 below.

11.14 This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day. The relief is not subject to any cap or the Minimal Financial Assistance limit in Subsidy Control.

Subsidy Control

11.15 The pubs and live music venues relief awards are likely to amount to subsidies. The government will therefore take appropriate steps to comply with the Subsidy Control Act 2022 and international subsidy control rules.

11.16 The government considers that any business rates relief awards made in accordance with this guidance are consistent with the subsidy control principles. As the relief forms part of a wider subsidy scheme, local authorities that satisfy themselves that an award complies with this guidance are not required to conduct their own assessment of the award against subsidy control principles. It also means that an individual relief awarded under this subsidy scheme that complies with this guidance is insulated from legal challenge under the Subsidy Control Act. There is no cap on the value of a business rates relief award that can be made under the Scheme. For the avoidance of doubt, subsidies awarded under the scheme do not constitute nor contribute to Minimal Financial Assistance.

11.17 Local authorities will also have an obligation to report individual reliefs worth over £100,000. This is not cumulated per beneficiary but applies per subsidy award (i.e. the relief applied to each hereditament). It is also not cumulated with the subsidy awarded in the form of the lower Retail, Hospitality and Leisure multipliers. This means that for every individual subsidy provided of more than £100,000, the local authority needs to include details of the subsidy on the subsidy control database and link that award to the subsidy scheme under which it is given.

Sequence of relies

11.18 The relief should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, but before those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants. However, as required in the NNDR guidance notes, the former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable/CASC and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before pubs and live music venues relief.

11.9 Authorities may use their discretionary powers to, at cost to themselves, offer further relief outside this scheme or additional relief to hereditaments within this scheme. However, where an authority applies a locally funded relief under section 47, this should be applied after the pubs and live music venues relief. The ordering should be applied in the following sequence:

a. Improvement Relief

b. Transitional Relief

c. Other mandatory Reliefs (as determined in legislation)

d. Section 47 Discretionary Relief in the following order:

- 2026 Supporting Small Business (SSB)

- former categories of discretionary relief available prior to the Localism Act 2011 (i.e. charitable, CASC, not for profit) should be applied first in the sequence of discretionary reliefs, after SSB
- other discretionary reliefs (centrally funded) including Freeport relief
- 2026/27 pubs and live music venues relief scheme
- other locally funded scheme

12.0 Subsidy Control

12.1 If your organisation has received an award of discretionary relief and the total amount will exceed the subsidy control/cash cap levels you must notify the council immediately so that a full determination can take place.

12.2 The Subsidy Control Act allows an economic actor to receive up to £315,000 in a 3-year period (the 2026/27 year and the 2 previous financial years).

12.3 Discretionary relief is likely to amount to being classed as a subsidy. Therefore, reliefs such as Supporting Small Business Rate Relief would all be classed as subsidies.

12.4 It is the responsibility of ratepayers, on a self-assessment basis, to inform the council if they are in breach of the Minimal Financial Assistance MFA limit. If they are not, they do not need to do anything.

12.5 The new UK subsidy control regime commenced from 4 January 2023. The new regime enables public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored for local needs.

12.6 Public authorities giving subsidies must comply with the UK's international subsidy control commitments. The subsidy control legislation provides the framework for a new, UK-wide subsidy control regime. See more information on the **UK subsidy control regime**.

13.0 Administration of Discretionary Relief

13.1 The following section outlines the procedures followed by officers in granting, amending or cancelling discretionary reliefs. This is essentially laid down by legislation[7]

Applications and Evidence

13.2 Discretionary rate relief must be applied for in writing by the ratepayer, unless stated otherwise. Application forms are produced within the City Council and issued to all ratepayers requesting the relief, and are also available on the city council's website.

13.3 Organisations are required to provide a completed application form plus any such evidence, documents, accounts, financial statements etc. necessary to allow the authority to make a decision. Where insufficient information is provided, despite reminders, then no relief will be granted.

Granting of relief

13.4 In all cases, the City Council will notify the ratepayer of decisions made.

13.5 Where an application is successful, then the following is 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 authority of any change in circumstances that may affect entitlement to relief.

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

- An explanation of the decision within the context of the authority's statutory duty; and
- An explanation of the appeal rights (see below).

13.7 Relief is to be granted from the beginning of the financial year in which the decision is made. Where an application is made up to 6 months after the end of the financial year for which the application was made, it may be accepted. Portsmouth City Council will not backdate any application for discretionary rate relief beyond the 6-month period referenced in 14.7

13.8 A decision to award discretionary relief and how much relief is given is only applicable to the financial year for which the application is made.

13.9 A fresh application for discretionary relief will be necessary for each financial year.

[7] The Non-Domestic Rating (Discretionary Relief) Regulations 1989

Variation of a decision

13.10 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 – from the date of the increase in rate charge;
- Where the amount is to increase for any other reason (other than a general termination of relief under Central Government guidelines)– takes 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 – from the date of the decrease in rate charge;
- Where the amount is to be reduced for any other reason (other than a general termination of relief under Central Government guidelines) – takes effect at the expiry of a financial year, and so that at least one year's notice is given

13.11 A decision may be revoked and the change will take effect at the expiry of a financial year (other than a general termination of relief under Central Government guidelines).

Appeal rights

13.12 In cases where the award for discretionary relief is refused the applicant has 21 days from the date of the letter notifying them that their application was not successful to request a review of the decision and consider any other supporting evidence not previously supplied.

13.13 Where an appeal is submitted the person making the appeal must set out the full grounds on which the appeal is based and specify the reasons why the relief should be granted based on the criteria operated by the council and also provide any further supporting evidence.

13.14 A review panel is convened as required to consider any appeals. The review panel will decide on the outcome and advise the appellant whether or not their appeal was successful following the panel meeting to determine any requests for a review of the decision.

13.15 The review panel will consist of the Director of Finance & Resources and the Revenues & Benefits Manager.

13.16 The decision of the review panel will be final and the only recourse available will be way of a Judicial Review. This will only apply if the applicant believes that the council has exceeded its statutory powers, there has been a procedural impropriety or where an action is irrational. Individual organisations are advised to seek independent legal advice should they wish to proceed in that manner.

14.0 Scheme of Delegation

Granting, Varying, Reviewing and Revocation of Relief

14.1 Under powers given to the authority by section 223 of the Local Government Act 1992, all permissions for the granting, varying, reviewing and revocation of discretionary relief given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011 be delegated to the Director of Finance & Resources.

14.2 The method of administration shall be that laid down within this policy document. The level of the discretionary relief shall be calculated in accordance with guidance given within this policy and determined by the Director Finance & Resources.

14.3 The policy for granting relief will be reviewed 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 City Council.

14.4 The amount of funding to be provided by the City Council in respect of discretionary relief granted shall be determined by the S151 Officer/Director of Finance and approved by Council in the normal budgeting process.