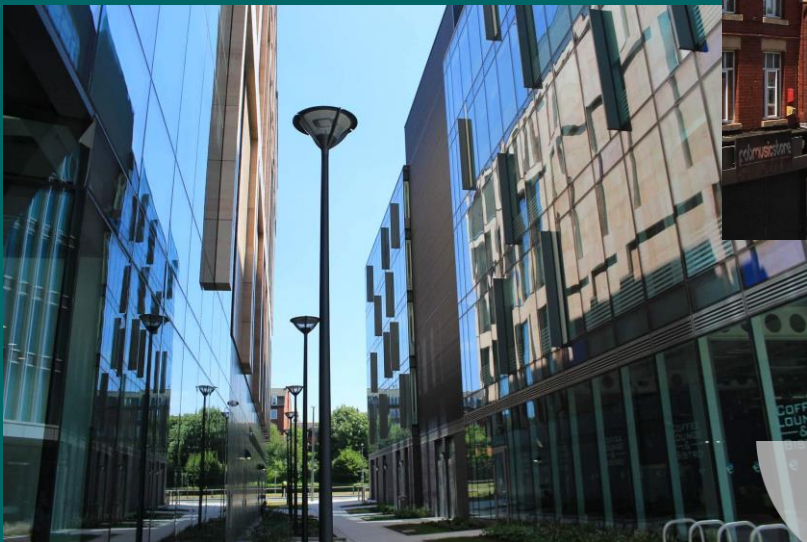




# Business Rates

## Discretionary Rates Relief Policy



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## **1 Introduction**

- 1.1 This policy document sets out the Council's approach to supporting local businesses through discretionary Business Rates relief schemes.
- 1.2 The policy recognises that public funds are limited, and the costs of any relief granted are borne by Council Tax payers. Therefore, the principal considerations when deciding to make an award will be whether it is in the best interests, and of benefit, to Stockport residents.
- 1.3 Each application will be considered on its own merits in line with government guidance and policy criteria.
- 1.4 Any local discretionary reliefs will be applied after mandatory relief has been awarded.
- 1.5 Recipients of relief are required to notify the council immediately of any changes of circumstances which may have an impact upon the award granted.
- 1.6 Where relief is not granted then notification will be given in writing, which will include an explanation of the decision.
- 1.7 Business Rates should continue to be paid as notified whilst applications for relief are being considered.
- 1.8 The range of discretionary rate reliefs available for Business Rates will be reviewed by members as part of the approval of the annual Business Rates and Council Tax Discount Report.

## **2 Regulations**

- 2.1 The Local Government Finance Act (LGFA) 1988 requires the Council to maintain a Business Rates discretionary rate relief scheme of up to 100% to certain organisations who operate within specified criteria.
- 2.2 There may be occasions where a property is only partly occupied for a short period of time. This may be due to a business moving in or relocating to a new property. Under Section 44A of the act, the Council may use its discretion to award relief on the unoccupied part of the premises.
- 2.3 Section 47 of the LGFA provides Council's with the power to award Business Rates relief to certain organisations which operate within locally specified criteria and none of which is established or conducted for profit. The Council may make the decision only if it is satisfied that it would be reasonable for it to do so, having regard to the interests of persons liable to pay Council Tax set by it.
- 2.4 Section 69 of the Localism Act 2011 amended Section 47 of the LGFA. These provisions allow all Councils to grant discretionary relief in any circumstances where it feels fit having regards to the effect on the Council Tax payers of its area. 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 Tax payers.
- 2.5 The Council is able to exercise its discretion under Section 49 of the LGFA to provide either partial or full Business Rates relief in cases of hardship where it would be reasonable to do so having due regard to the interests of Council Tax payers in general.
- 2.6 The Local Government and Rating Act 1997 allows discretionary relief of up to 100% to be granted on premises in rural settlement areas where the criteria for mandatory rural relief is met except the rateable value exceeds the set limits but does not exceed £16,500.

## **3 How relief is funded**

- 3.1 The Council is compensated for the loss of Business Rates income where mandatory Business Rates relief is awarded, via a Section 31 grant under the Local Government Act 2003.
- 3.2 Since April 2017, the Council alongside the other Greater Manchester Authorities entered the Greater Manchester 100% Business Rates retention pilot. As part of the pilot, the Council and ultimately Stockport Council Tax payers will bear the full cost of any local discretionary rate relief, with no compensation for the loss of Business Rates income as a result of an award.
- 3.3 Local discretionary rate relief impacts on the Council's Business Rates income which in turn, impacts on the amount of funding available to support the Council's budget and deliver essential services to Stockport residents. As such, awards will only be made in exceptional circumstances and where it is in the best interests of the Council and Stockport residents.

#### **4 Subsidy Control (previously State Aid)**

- 4.1 A subsidy refers to a grant, a tax break, a loan, or other form of financial assistance paid from public resources.
- 4.2 Business Rates discretionary relief is likely to be subject to the Minimal Financial Assistance limits under the Subsidy Control Act. This means no recipient can receive over £315,000 over a 3-year period (consisting of the current financial year and the 2 previous financial years).
- 4.3 Relief will not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving subsidy that is above the current de minimus level. However, it remains the responsibility of the business to ensure that discretionary rate relief will not result in exceeding subsidy limits.
- 4.4 Businesses should maintain records of all subsidies received, as these can be requested by the Council at any time.
- 4.5 For further information, visit [subsidy control \(GOV.UK website\)](https://www.gov.uk/guidance/subsidy-control).

#### **5 Effective date of relief**

- 5.1 Discretionary rate relief considered under Section 47 of the Local Government Finance Act 1988, will normally be awarded from the start of the financial year in which the application is made or the date the business became liable for Business Rates, if later.
- 5.2 Consideration will be given to backdating relief from the start of the previous financial year where valid reasons are provided for not applying earlier. Evidence must be provided to verify that the circumstances of the claim existed throughout that time.
- 5.3 The backdating of an application for relief must be in the best interests of the Council and Stockport residents.
- 5.4 The award date of relief considered under Section 44A or Section 49 of the LGFA, will be determined on a case-by-case basis as appropriate.

#### **6 Revocation or change in award**

- 6.1 Discretionary rate relief will normally expire at the end of the financial year in which the award is made or cease from the date liability for Business Rates ends, whichever is the earliest.

- 6.2 Where relief is granted based on the status of an organisation, the award will continue without the need for a new application unless membership circumstances change, which should be reported to the Business Rates team to reassess entitlement.
- 6.3 Where a business has a change in circumstances, two months' notice will be given to reduce or revoke an award, effective from the date the change occurred.
- 6.4 It will be made clear on any award notice, the period the relief covers - including the date it will end where appropriate, and whether a new application will be required once expired.
- 6.5 Where a variation of a decision to award relief needs to be made, the ratepayer will be informed as soon as it is reasonably practicable to do so.

## **7 How to apply**

- 7.1 Visit the Council's website [Business rates reductions and reliefs - Stockport Council](#) or ring the Business Rates Team on 0161 474 5188 for instructions on how to apply for relief.
- 7.2 Please see relevant sections of the policy for guidance around what information should be provided as part of the application process, which is specific to the type of relief being requested.
- 7.3 The Council will request any further supporting evidence as deemed necessary to properly assess the merits of the application.
- 7.4 Where insufficient information is provided, then no relief will be granted. In some cases, it may be necessary for officers to visit premises and we would expect organisations claiming relief to facilitate this where necessary.
- 7.5 Each application must be accompanied by a statement signed by the person representing the business, setting out the amount of subsidy the ratepayer has received within the previous 3 years, which should include a nil declaration where appropriate.

## **8 Charitable organisations**

- 8.1 Registered charities or trustees of a charity that occupy a property used wholly or mainly for charitable purposes are entitled to receive 80% mandatory relief.
- 8.2 The council does not normally offer discretionary rate relief to top up mandatory awards for charities. However, organisations recognised within the Council's priorities will be considered for additional support under section 13, in exceptional circumstances. Requests will be considered on a case-by-case basis.
- 8.3 From April 2025, private schools will no longer benefit from relief under this provision. However, those which are wholly or mainly concerned with providing education to children with Education, Health & Care Plans will still be eligible for charitable relief. This aims to ensure fairness by requiring private schools to contribute their fair share of business rates, aligning their tax obligations with those of state schools. As such, the council will not offer discretionary rate relief for private schools on the basis of a non-profit making organisation.

## **9 Community Amateur Sports Clubs**

- 9.1 Community Amateur Sports Clubs (CASCs) are entitled to receive 80% mandatory Business Rates relief.



- 9.2 Ensuring the provision of independent sport clubs across the Borough which supports the Council's priorities is considered beneficial as it extends the range of provision available, making it easier for residents to adopt a healthy lifestyle. As such, the Council will also consider awarding up to an additional 20% in discretionary top up relief.
- 9.3 When considering an application for discretionary rate relief, the Council will need to be satisfied that:
- The organisation is fully inclusive and accessible, membership is open to all
  - The organisation supports the Council Plan
  - A discretionary relief award would be in the best interests of Stockport residents
- 9.4 In order to qualify for discretionary rate relief, the following criteria must be met:
- i. CASC status with HMRC
  - ii. Affiliation to Stockport Active (formerly Sport Stockport)
  - iii. Membership rates must not be such, as in the opinion of the Council, to exclude the general community
  - iv. The facilities of the Organisation should be made available to people other than members, e.g. schools, casual public sessions etc. subject to licensing requirements
  - v. Membership of the Organisation must be open to all members of the community, regardless of ability, subject to the physical capacity of the premises
  - vi. At least 51% of the membership must be made up of Stockport residents.
- 9.5 Organisations must actively encourage membership from groups such as young people, older age groups, persons with a disability or ethnic minorities, which can be demonstrated by:
- a. Differential fee structures for such groups or
  - b. Provision of schemes of training or
  - c. Education for such groups; or
  - d. Membership which consists of at least 25% of people from such groups
- 9.6 Where sports clubs run a commercially operated bar serving food and drink, this must be incidental to the main purpose of the organisation to qualify for relief. Running a bar in itself is not a reason for declining relief, but a club which is primarily a commercial bar is unlikely to qualify. Bar receipts and income from venue hire will be taken into account.
- 9.7 Any application for relief must be supported with the following information:
- A description of the organisations main purposes and objective's as set out in the memorandum and articles of association
  - Evidence of CASC status with HM Revenues and Customs
  - Audited accounts (including any ancillary businesses). Where these are not available, projected figures should be provided instead
  - Details of how the organisation meets the criteria outlined

## **10 Non-profit making organisations**

- 10.1 A not-for-profit organisation is one that is not established or conducted for profit, whose objectives are charitable, but the organisation is not registered as a charity. Organisations can apply for 50% discretionary rate relief.
- 10.2 The organisation must be charitable or philanthropic, religious or concerned with education, social welfare, science, literature or fine arts, or the occupier of a club concerned with recreation.

- 10.3 The Council will 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.
- 10.4 When considering an application for discretionary rate relief, the Council will need to be satisfied that:
- The organisation supports the Council's priorities
  - The organisation is fully inclusive and accessible, and if based on membership that it is open to all
  - A discretionary relief award would be in the best interests of Stockport residents
- 10.5 In order to qualify for discretionary rate relief, the following criteria must be met:
- i. The organisation must promote its services for the benefit of Stockport residents.
  - ii. Membership of the organisation must be open to all members of the community, regardless of ability, subject to the physical capacity of the premises, unless there are legitimate restrictions placed on membership.
  - iii. Membership rates must not be such, as in the opinion of the Council, to exclude the general community.
  - iv. Organisations must actively encourage membership from groups such as young people, older age groups, persons with a disability or ethnic minorities, such encouragement to be demonstrated by either –
    - a) Differential fee structures for such groups; or
    - b) Provision of schemes of training or education for such groups; or
    - c) A membership which consists of at least 25% of people from such groups
  - v. The facilities of the Organisation should be made available to people other than members, e.g. schools, casual public sessions etc, subject to licensing requirements
  - vi. At least 51% of the membership must be made up of Stockport residents
- 10.6 Any application for relief must be supported with the following information:
- 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.
  - Audited accounts for the last 2 years. Where these are not available, projected figures should be provided instead.
  - Details of how the organisation meets the criteria outlined in these guidelines.

## **11 Rural rate relief**

- 11.1 Businesses within a defined rural settlement are entitled to receive 100% mandatory rural rate relief where:
- The population is below 3000
  - The rateable value for a sole food shop, general store or post office in the settlement, does not exceed £8,500
  - The rateable value for a sole petrol filling station or pub in the settlement does not exceed £12,500
- 11.2 Where a property meets the above criteria, but the rateable value exceeds the set limits but is still below £16,500, the Council has discretion to award further relief up to 100%.
- 11.3 Discretionary rural rate relief will be considered where:
- The RV of the property is below the limits as outlined above
  - The property is used for the benefit of the local community

- The award of the relief is in the interests of the Council's taxpayers.

11.4 The following will be taken into consideration when deciding whether discretionary relief should be awarded:

- Whether the business employs a significant number of staff who are resident in the local community in which the business is located
- Whether there are any other suppliers of the service concerned which are easily accessible to residents within the rural settlement.
- The financial viability of the business concerned
- The effect on the rural community should the business have to cease trading as a direct result of not awarding relief

11.5 Enquiries regarding rural rate relief should be directed to the Business Rates Team:

- Email: [business.rates@stockport.gov.uk](mailto:business.rates@stockport.gov.uk)
- Tel No: 0161 474 5188

## **12 Large investors**

12.1 It is recognised that large businesses new to or significantly expanding within the Borough are likely to have a significant positive impact on the general economy, both directly through increased employment and building occupation as well as indirectly through trickle down to smaller businesses. Discretionary rate relief will be considered in these circumstances.

12.2 This relief aims to assist in making Stockport a more attractive location, incentivising new occupiers of previously vacant buildings to invest in Stockport, improve their facilities and create new job opportunities.

12.3 When considering an application for discretionary rate relief, the Council will need to be satisfied that:

- Applications are related to significant business investment
- Any award will have a positive impact, bringing wider benefits to the local economy

12.4 In order to qualify for relief, the following criteria must be met:

- i. The business must have a proven track record as an established and viable business
- ii. The applicant must be either purchasing the property or committing to a lease of 10 years or more (no break clause) i.e. be prepared to show a long-term commitment to Stockport
- iii. The applicant should ideally be occupying a property that has been vacant for at least 12 months or is newly built
- iv. The property to be occupied must be within the use classes B1,B2 or B8 and the business must be operating in an appropriate sector – see Part B (Schedule 1) Town and Country Planning (Use Classes) Order 1987.
- v. Significant improvements to the property will be undertaken (either internal or external), of which up to 50% can be offset by the relief. There may be rare circumstances where property improvements may not be necessary, in which case alternative forms of investment by the business may be considered on a case-by-case basis
- vi. A significant number of new jobs will be both created and sustained as a result of the investment i.e. it is linked to an expansion in the business
- vii. The organisation must also show that it is prepared to provide apprenticeship opportunities and/or participate in local employment schemes. As a guide, investments involving more than 50 jobs could be considered but they must also be able to meet all other criteria
- viii. The discount will only be awarded once the business has started actively trading from the premises and has fulfilled all the terms of the agreement.



- 12.5 Specific exceptions apply where the investment will positively impact the success of major regeneration projects within Stockport. On agreement with the Cabinet Members, the Council will consider applications from the retail, leisure and hospitality sectors, with respect to these regeneration projects, also applying greater flexibility with regards investment levels and numbers employed by the applicant business.
- 12.6 The level of rate relief and period of rate relief will be calculated in relation to the size of investment by the relocating business. As a rule of thumb, the total rate relief will be no more than 50% of the total cost of improvements to the premises that are considered to be required in order for the property to be fit for use. Costs associated with the purchase or rental of the property will not be included in this calculation
- 12.7 The maximum discount will be equivalent to no more than 12 months of Business Rates or 50% of the total cost of improvements to the property (whichever is the lowest figure).
- 12.8 If the business is relocating within Stockport, the maximum relief the company is eligible for is up to 100% for 12 months on the difference between their existing property and the property they will be relocating into.
- 12.9 Following enquiries made by the business, a visit will be made by a member of the Growth Team. If considered appropriate, the business will then be invited to apply for rate relief.
- 12.10 Any application for relief must be supported with the following information:
- Details of the relocation or expansion project
  - Level of investment involved
  - How the eligibility criteria have been met
  - Copies of invoices relating to refurbishment works and/or signed copy of lease agreement or freehold purchase
- 12.11 On receipt, the Growth Officer will prepare a report with recommendations. Final approval will be at the discretion of both the Cabinet Member for Economy and Regeneration and Cabinet Member for Finance and Resources (or Council Cabinet in exceptional circumstances).
- 12.12 For further information and frequently asked questions or to discuss an application for relief under this scheme, please contact the Economy, Work and Skills Service:
- Email: [economyws@stockport.gov.uk](mailto:economyws@stockport.gov.uk)

### **13 Exceptional circumstances**

- 13.1 The Council will consider applications for discretionary rate relief in exceptional circumstances where an organisation can demonstrate that they are making a contribution which is of significant benefit to Stockport and essential for the Council to achieve its priorities. It is anticipated that these will be very unique cases.
- 13.2 Any requests for relief based on exceptional circumstances will be dealt with on a case-by-case basis with the decision made by a Revenues Manager, Director of Finance (Section 151 Officer) or Cabinet Member for Finance and Resources depending on the value.
- 13.3 Enquiries regarding relief due to exceptional circumstances should be directed to the Business Rates Team:
- Email: [business.rates@stockport.gov.uk](mailto:business.rates@stockport.gov.uk)
- Tel No: 0161 474 5188

## **14 Partly occupied properties**

- 14.1 There may be occasions where business premises are only partly occupied for a short period of time. This may be due to a business moving in or relocating to a new property. In certain circumstances, the Council may use its discretion to award relief in respect of the unoccupied part of the property.
- 14.2 Relief will be awarded where the Council is satisfied that:
- There is a partial occupation of an office, warehouse, factory or commercial premises to facilitate relocation of the company into or out of the Stockport area, or where the company is looking to move between premises within the Borough; or
  - The occupier can demonstrate that it is experiencing short term trading difficulties which mean that it does not require the use of the entire hereditament for a short period. In such circumstances, consideration should be given to the future trading position of the company, and the impact on the local economy, should relief not be awarded; or
  - Fire, flood, or a similar disaster prevents full use of the premises for a short period of time.
  - Where a property has been empty for a prolonged period and the standard empty exemptions have ended.
- 14.3 In cases of gradual occupation, the part of the premises which remains unoccupied could be subject to relief, so long as the Council is satisfied that the circumstances will exist for a short period of time only.
- 14.4 A Council officer will visit the premises to look at how the property is being used. Where the awarding of relief is considered appropriate, the Valuation Office Agency will be notified. They will then provide the Council with a separate rateable value (RV) for both the occupied and unoccupied areas of the property.
- 14.5 The amount of relief allowed will be linked to standard empty property exemptions:
- i. Commercial properties - exemption from rates based on the RV for the unoccupied part, for the first 3 months it is empty.
  - ii. Industrial properties - an exemption from rates based on the RV for the unoccupied part, for the first 6 months it is empty.
- 14.6 After the exemption period has expired, Business Rates will become payable on the whole of the property.
- 14.7 Applications for relief will not normally be considered where:
- Where the owner is subletting part of the premises on a commercial basis
  - Where the time taken to either occupy or vacate the premises is like to exceed three or six months
  - Where there is evidence to suggest no reasonable efforts are being taken to let, sell, or occupy the empty part of the premises
  - Where the type of business indicates that occupation will either be on a seasonal or cyclical basis.
- 14.8 It is unlikely that any retrospective application for more than 6 months ago will be successful and would need to be supported by significant evidence that the circumstances presented, existed at that time. Similarly, requests will not be considered for consecutive periods unless there has been a change in circumstances since the original award.
- 14.9 Any application for relief should include the following information:
- Plans of the premises which clearly identify the areas of occupation and non-occupation
  - The period during which the premises are expected to be vacated or occupied by
  - Dependant on the circumstances of the application, the date the empty part of the premises will be back in use

## **15 Hardship Relief**

- 15.1 Hardship relief will be awarded where the business is suffering from unexpected financial difficulty, which is outside of the normal risks associated with the business. Awards will only be given in exceptional circumstances.
- 15.2 The amount of relief awarded can reduce or remit the full amount of Business Rates due. Awards are intended to be a short-term solution whilst the business works towards improving its financial situation. It is unlikely that any relief will be granted for more than the current financial year.
- 15.3 The business will be expected to be taking/have taken appropriate action to mitigate or alleviate hardship, such as:
- a. Speaking to the Council's Business Growth Team and/or taking professional business or financial advice
  - b. Reviewing their pricing structure
  - c. Re-negotiating with creditors, including the landlord regarding rent (where appropriate)
  - d. Have a robust business plan in place to address hardship
- 15.4 A reduction in Business Rates on the grounds of hardship will be awarded where the Council is satisfied that:
- The ratepayer would sustain hardship if relief were not applied
  - Any short-term reduction or remission of rates would be significant to the future viability of the business; and
  - It is reasonable for the Council to award relief having regard to the interests of its Council Tax payers
- 15.5 The test of hardship, in itself, will not be a deciding factor - all relevant circumstances affecting the ability of a business to meet its liability for rates will be taken into account.
- 15.6 Due regard will be given to the interests of Stockport residents. Considerations will include whether:
- There is evidence of hardship through a severe loss or marked decline in trading compared to corresponding periods in previous years
  - The granting of relief will help the business through a temporary difficulty
  - Employment prospects in the area would be severely worsened by a company going out of business.
  - The business provides goods and services which are of great benefit to the Borough or neighbourhood in which it is located
- 15.7 Hardship relief will generally not be considered appropriate where:
- i. The business is profitable
  - ii. The current hardship (financial or otherwise) could have been foreseen and avoided
  - iii. The business has experienced a minor loss in trade in comparison to the annual turnover of the business
  - iv. The drawings / remuneration of the Director(s) or owner are above a 'reasonable' amount
  - v. The business is relatively new and hardship relief is being requested to fund the progression of the business
  - vi. A similar facility is already being provided within the same locality, or within a reasonable distance
  - vii. The business premises are empty
- 15.8 Any application for relief should include the following information:
- Why the business is suffering from financial hardship
  - What steps have been/are being taken to keep the business sustainable
  - Audited accounts up to the last 3 years. Where these are not available, projected figures should be provided instead.
  - A cashflow forecast for the next 12 months.
  - For sole traders/partnerships, details of drawings from the business and a breakdown of personal income and expenditure

- Number of employees
- A comprehensive business plan
- How the business is beneficial to the local community
- Details of any relationships with other businesses, particularly with local suppliers

15.9 Any requests for hardship relief will be dealt with on a case-by-case basis with the decision made by a Revenues Manager, Director of Finance (Section 151 Officer) or Cabinet Member for Finance and Resources depending on the value.

## **16 Review Process**

16.1 Where a request for discretionary rate relief is unsuccessful, a letter detailing the reasons for the decision will be sent to the applicant.

16.2 Whilst there is no statutory right of appeal against a decision regarding discretionary rate relief, the Council recognises that ratepayers should be entitled to have a decision reviewed if they are dissatisfied with the outcome.

16.3 The decision letter will include instructions on how to request a review, which should be made within one month of the date of the decision. This should include the reasons for requesting a review along with any supporting information.

16.4 Depending on the type of relief applied for, a request for a review of the decision would normally expect to be made on the following basis:

- The use of the property has changed
- The objectives of the organisation have changed
- There have been other material changes that may affect the Council's decision
- New information will be provided
- Relevant information was not considered

16.5 Reviews will usually be undertaken by a senior manager independent of the original decision maker and will be given in writing.

16.6 This review process does not affect a rate payers legal right to seek leave to challenge a decision by way of Judicial Review but would be advised to seek independent advice in the first instance.

## **17 Fraud**

17.1 The Council is committed to reducing fraud in all its forms. A ratepayer who falsely declares their circumstances or provides a false statement or evidence in support of an application for discretionary rate relief, may have committed an offence under the Theft Act 1968. Where this is suspected to be the case, the matter will be investigated which may lead to criminal proceedings being instigated.

## **18 Policy version control**

<b>Date</b>	<b>Action</b>	<b>By</b>
24/09/2024	Policy creation	Andrea Griffiths