



NORWICH
City Council

**National Non-Domestic
Rates
Discretionary Rate Relief
April 2024**

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1. Introduction and Scope

This document outlines the areas of local discretion and Norwich City Council's (the council) approach to the various awards. This approach has regards to the impact:

- On the council's wider financial position and how that affects Council Tax payers
- On the organisations and businesses that currently receive or may apply for Relief in the future
- On Norwich City Council residents if Relief is awarded and the benefits to the city

The principal consideration when making an award is that any Relief granted is in the best interests of the residents and Council Tax payers of Norwich City and produces a local benefit.

Existing recipients will be reassessed from 1st April of the financial year their current award expires.

2. The Discretionary Rate Relief Scheme

Discretionary Rate Relief (DRR) is granted in accordance with:

- Section 43 of the Local Government Finance Act (LGFA) 1988; and
- Sections 47-49 of the LGFA 1988 as amended by the Localism Act 2011

Clause 69 of the Localism Act amended section 47 of the LGFA 1988 to allow billing authorities to fund their own local discounts entirely as it sees fit within the limits of the primary legislation and Subsidy rules. These powers can be used to encourage new business and investment, regeneration projects, as well as to support local shops or community services.

The cost of awarding DRR is split between Central Government(50%), the County Council (10%) and the City Council (40%). However, in certain circumstances Central Government fund 100% of the cost of awarding Relief (as detailed in Appendix A).

The powers under Section 47 of the LGFA 1988 can also be used to grant specific Reliefs that Central Government initiate, lately used for Covid Reliefs such as the Retail, Hospitality and Leisure discount.

Guidance was given to Local Authorities (LA's) in 1990 and 2002 recommending that an authority should have readily understood policies for deciding whether or not to grant Relief, and for determining the amount of Relief to certain organisations which operate within specified criteria. This criteria covers:

- Charitable bodies already in receipt of Mandatory Relief at 80% - the Council has further discretion to 'top up' this Relief to 100% of the Rates due
- Registered Community Amateur Sports Clubs already in receipt of Mandatory Relief at 80% - the Council has further discretion to 'top up' this Relief to 100% of the Rates due
- Non-profit making organisations – the Council has discretion to grant DRR of between 0-100% of the Rates due

In making decisions about applications for DRR the Council may:

- Grant Relief up to a maximum of 100% of the Rates due
- Grant Relief for a sum less than 100% of the rates due; or
- Refuse any application for DRR

Appendix A details how these Reliefs are funded.

3. Charitable bodies (charities)

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

Where the:

- Ratepayer of a property is a charity or the trustees of a charity;

And

- The property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purposes of the charity)

Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which, under the 1993 Act, are exempted from registration or are exempt charities are also eligible for Mandatory Relief. Providing the above criteria are met, 80% Mandatory Relief is granted.

In cases where a charity is in receipt of Mandatory Relief of 80% the Council has further discretion to 'top up' this Relief to an amount up to 100% of the Rates due.

The Council has determined the following:

- Up to 20% DRR shall be given to charities other than those mentioned where the rateable value does not exceed £30,000 and the description in the rating list includes Hall and Premises, Institute, Village Hall or Community Centre. The Relief will be granted for a period up to five years
- Up to 20% DRR shall be given to other charities not detailed above where the rateable value does not exceed £75,000
- Up to 10% DRR shall be given to charities occupying premises with a rateable value of over £75,000. Any award of discretionary Relief will be granted for a period up to three years.
- No DRR shall be given to Charity Shops that are mainly selling new goods rather than donated goods, Housing Associations, and Voluntary Schools, Hospitals or Colleges that are charitable trusts.
- No DRR will be awarded to charities that are occupying hereditaments in return for a payment/donation from the landlord/owner/agent of the hereditament and occupying premises for a nominal rent.
- No DRR will be awarded to charities that are occupying hereditaments for the transmission of "Bluetooth" messages, the provision of wireless internet services, the sale of computers or mobile phones and Art Exhibitions

Any entitlement to Small Business Rate Relief (SBRR) will be determined before any application for DRR is considered

Recipients of Mandatory Rate Relief cannot claim Small Business Rate Relief.

Explanatory notes:

- a) Housing Associations, Hospitals and Voluntary Schools are already publicly funded to a substantial degree and any DRR would essentially be moving money from one public body to another.

- b) There have been a number of charities who have been set up to exploit the rules governing charitable occupation. This is being used as means of avoiding payment of empty properties. Although this practise is legal, it is not in the interest of Council Tax Payers to fund such tax avoidance schemes. These schemes often involve the broadcasting of free Bluetooth messages and/or the provision of free wireless internet. There are also schemes where computers and mobile phones are sold and/or donated for the benefit of the charity as well as art exhibitions.

4. Registered Community Amateur Sports Clubs (CASC's)

A Mandatory Rate Relief of 80% is granted to registered CASC's. To qualify, the club must fulfil all of the following criteria. It must be:

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

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

The Council will consider applications for a DRR top-up from CASC's based on their own merits on a case-by-case basis. The principal consideration is that any Relief is granted in the best interests of the residents and taxpayers of Norwich City and produces a local benefit, as the Council must bear a % of the cost of any Relief granted. However in determining the application the following matters will be taken into consideration:

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

A DRR top up of 20% shall be given to sporting and recreational clubs that are not established or conducted for profit, are accredited by the Inland Revenue as Community Amateur Sports Clubs and which do not have bar facilities included in the rating assessment for which Relief is given.

5. Non-Registered Sporting Organisations

100% DRR shall be given to sporting and recreational clubs that are not established or conducted for profit, are not accredited by the Inland Revenue as Community Amateur Sports Clubs and which do not have bar facilities included in the rating assessment for which Relief is given.

DRR will only be given to sporting and recreational clubs that are not accredited by the Inland Revenue as Community Amateur Sports Clubs and have bar facilities included in the rating assessment for which Relief is given, if they are not established or conducted for profit, are not eligible for Small Business Rate Relief and the following criteria met:

- Membership should be open to everybody
- 75% of members must be Norwich City Council residents
- Playing members should be mainly residents of Norwich City Council and not be receiving payment for playing other than travelling expenses; except where the individual is providing coaching to other members and residents as a condition of receiving payment
- The rateable value is below £ 15,000. A calculation will be made to award Relief at a level equivalent of Small Business Rate Relief if they were eligible for this Relief.

An excessive membership fee will be seen as restrictive. Organisations displaying restrictions upon membership and access will not be granted Discretionary Rate Relief.

6. Non-profit making organisations

The Council has the power to grant DRR of up to 100% to other non-profit making organisations. The main objectives of the organisation must be related to:

- Relief of poverty
- Philanthropy or religion
- Education
- Social Welfare
- Science
- Literature
- Fine arts
- Recreation

Or be otherwise beneficial to the community.

An organisation must be able to demonstrate how it:

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

The Council will consider applications for DRR from non-profit making organisations based on their own merits, on a case-by-case basis. However the principal consideration is that the Relief is granted in the best interests of the residents and taxpayers of Norwich City and produces a local benefit, as the Council must contribute to the cost of each award as shown at Appendix A.

7. Period of Relief

Discretionary Rate Relief (DRR)

DRR will usually be awarded for a period of up to three financial years (up to five financial years for those listed at page 5). All applicants will be sent a letter confirming that their application for DRR has been either awarded or rejected. This letter will also explain the amount of Relief awarded and the period of the award if applicable.

The granting of Relief will be reviewed as each period of award ends, and those in receipt of DRR will be asked to supply or confirm relevant information for the purpose of the review.

If a ratepayer in receipt of DRR ceases to meet the eligibility criteria outlined in this document, they will cease to receive DRR. The ratepayer may request a reconsideration of this decision.

Time limited Reliefs will only be granted for a relevant period.

8. Applications

Discretionary Rate Relief (DRR)

Applications for DRR must be supported by, and include:

- The main purposes and objectives of the organisation/business, as set out in, for example, a written constitution, a memorandum and/or articles of association, or a set of membership rules
- A full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available, projected figures should be provided certified as being a 'true and fair view' by the company secretary or company accountants may be used
- Details of how the organisation/business meets the criteria outlined in the guidelines below

As a guide, to be eligible for DRR, a charity/organisation must not normally have enough financial resources available in unrestricted funds to continue to operate for more than 12 months, nor should it have sufficient financial resources in unrestricted reserves to continue to operate for more than 12 months, unless a business plan exists detailing how these additional reserves are to be used to benefit the local community.

In such cases, the applicant must be able to prove that it offers a service which the City's residents depend on, and which they would be unlikely to find elsewhere in the City.

Application forms are available on our website at www.norwich.gov.uk

From 1 April 2024, backdated applications for relief will be considered for a maximum period of 18 months.

All qualifying businesses and organisations are required to notify the Council of any change in circumstances that may affect their entitlement to Discretionary Rate Relief.

The Subsidy Control Act 2022 makes provision regulating the giving of subsidies out of public resources; and for connected purposes and can apply to certain discretionary awards – more details are available on the application form.

9. Applications for other Reliefs

Hardship Relief

The Council has the power to reduce or remit the Business Rates charged in certain circumstances where the ratepayer is enduring temporary financial difficulties.

The Council may grant Hardship Relief if it is satisfied that:

- The ratepayer would sustain financial hardship if the Council did not do so; and
- It is reasonable for the Council to grant Relief, with regard to the interests of its residents and Council Tax payers

Hardship Relief (HR) is a temporary measure which should not be used to artificially sustain a failing business. HR will be awarded where the ratepayer is facing temporary financial difficulties and where the community would be significantly disadvantaged if the business were to close.

All applicants will be sent confirmation of the outcome of their application and if granted confirming the period and amount of Relief.

Application forms for HR must be accompanied by a full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available for the current financial year, projected figures certified as being a 'true and fair view' by the company secretary or company accountants may be used. It is recommended that applicants submit audited accounts dating back further than two years if such information is available.

All applications will be subject to an initial review by a council officer and will be referred to the council's Section 151 Officer for approval.

Section 44(a) Relief (partly occupied properties)

The Council has discretion under Section 44(a) of the LGFA 1988 to award Relief where part of a property is unoccupied for a temporary period. The definition of 'temporary period' is not prescribed within law and therefore the Council has the discretion to decide the period Relief should be awarded. The amount of Relief awarded is determined by statute and is calculated by reference to the Rateable Value (RV) attributed to the unoccupied area by the Valuation Office Agency (VOA), part of His Majesty's Revenue and Customs (HMRC).

Applications will only be considered in respect of unoccupied parts of a property that can be clearly defined and are reasonably segregated from the occupied part of the property.

No award shall be made where it appears to the Council that the reason that part of a property is unoccupied is wholly or mainly for the purposes of applying for Rate Relief.

Rate Relief under this section will not be awarded in respect of partly occupied property where the partial occupation of the property may arise due to the ordinary day to day nature of the business (for example the operation of a warehouse). The period of Relief will not exceed either 3 months or 6 months depending on the type of property the claim has been made for, in line with current legislation for part-occupied properties.

A ratepayer making an application under Section 44(a) should do so in writing and should include:

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

Discretionary Rate Relief Using Powers Conferred by the Localism Act 2011

The council is now able to grant Relief within the limits of the primary legislation and subsidy rules, which replaces State Aid.

From time-to-time Central Government initiates Reliefs on a time limited basis to support businesses. These can be awarded under the powers of the Localism Act and the council can automatically grant Relief to qualifying businesses. The granting of these Reliefs is in relation to specific categories of property and 100% funding for these Reliefs is provided by central government, usually as a Section 31 grant.

The council will consider applications for Relief under the Localism Act based on their own merits, on a case-by-case basis, however the principal consideration is that the Relief is in the best interests of the residents and taxpayers of Norwich City and produces a local benefit, as the council must contribute to the cost of each award. Costs are split between central government (50%), the County Council (10%) and the City Council (40%) as shown at Appendix A.

Applications could be considered, for example, where the property is used for purposes which are of benefit to the wider local community but do not fall in any other categories for Relief, and it would be in the interests of the Council Tax payer to make an award, as the council has to meet a proportion of the costs as shown at Appendix A. It could also be used to support regeneration projects within the City and bring empty properties back in to use.

Information on Reliefs can be found on our website at:

www.norwich.gov.uk/DiscretionaryRelief

10. Approval

From time to time the Council is asked to have a Discretionary Rate Relief scheme at extremely short notice, as an example for the Covid-19 business grants. The council will always follow any guidance issued when using its discretion to award Relief under any Act of Parliament.

The initial assessment to award or refuse Relief will be made by a revenues officer and agreed and signed off by a Team Leader, the Operations Manager or Head of Service

Any officer involved in the decision-making process for DRR or HR must declare if they have an interest in or an association with any ratepayer applying for Relief.

Applicants will be notified in writing of any decision within 28 days. A revised Business Rates bill will be sent where appropriate.

Unsuccessful applicants will be notified that they can request a reconsideration of the decision. These reconsiderations will be reviewed by the Operations Manager and signed off by the Head of Revenues and Benefits or the council's Section 151 Officer.

11. Policy Review

The council reserves the right to review and revise this procedure document at any time as a result of information gained as a result of operating the policy or following any changes to legislation.

12. Communications

The council will publicise DRR in the following ways:

- On its website
- In leaflets and explanatory notes that accompany the annual rate demand notice; and
- At ratepayer consultation meetings

Funding of Reliefs

With the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities now share in the gains and losses associated with changes in Business Rates income.

The government hopes that localising Business Rates in this way will incentivise Local Authorities to adopt strategies to promote businesses and generate additional Business Rates income.

The introduction of Business Rates retention has a major impact on the funding arrangements for all Reliefs available which are now financed as follows:

50% by Central Government
40% by Norwich City Council
10% by Norfolk County Council

This excludes certain Reliefs that Local Authorities may be required to deliver which may be funded separately by Central Government, usually by way of a Section 31 grant and usually 100% of spend.