

Non-domestic Discretionary Rate Relief Policy April 2022

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1 Overview

1.1 Background and legislation

Harrogate Borough Council (HBC) has four clear priorities for the district;

1. A strong local economy
2. A sustainable environment
3. Supporting our communities
4. Excellent public services

The council understands the importance support to local businesses and organisations plays in achieving against the above priorities, ensuring our communities and businesses are able to develop and thrive within the district.

Section 47 of the Local Government Finance Act 1988 gives powers to local councils to grant discretionary business rate relief. Subsequent legislation in the Localism Act 2011 has extended these powers to allow wider granting of local discretionary relief.

Although some reliefs are awarded through central government initiatives and can be reclaimed under a section 31 government grant, the remaining support is met by the local authority. Therefore there must be clear and transparent guidance in place to ensure relief is awarded fairly and consistently across the district to support our priorities.

1.2 Purpose of the policy

The policy outlines how the council will operate within the above legislation, and refers to discretionary rates relief scenarios applicable within the district. The policy also references the administration of the reliefs, including the application process to be followed when applying for rates relief.

Finally, the policy document identifies the responsibilities for decision making when awarding discretionary rate relief and the process for appealing any decision should the applicant not agree with the outcome.

1.3 General principles

Applications for discretionary rate relief must be considered in accordance with statutory requirements and give consideration to any guidance issued by the Secretary of State. Decisions will be taken in accordance with the council's constitution and with consideration to the interests of HBC council tax payers.

The criteria for discretionary relief awards have been allocated in such a way as to ensure the benefit to HBC tax payers, the local economy and community exceed any detrimental effects to these caused by the financial impact of the award. Locally managed reliefs will be applied once any mandatory, or government led discretionary reliefs have been applied.

The Council cannot award discretionary relief to itself or any other organisation that has the powers to raise or precept for Council Tax

1.4 Application requirements

Applications for mandatory and discretionary relief must be made online via www.harrogate.gov.uk. All application forms and supporting information requirements can be found under the **Business and investment** area of the website.

Other than for applications on the grounds of hardship, rate relief will be awarded from the date of application. If the applicant can demonstrate good cause for not making the application sooner, then discretion may be applied in exceptional circumstances and rate relief awarded retrospectively.

1.5 Processing applications

Once an application has been received by the council, it will be processed and evaluated against the criteria set. All required supporting evidence must be received prior to the evaluation taking place. The application will be passed to the Revenues, Welfare and Customer Services (RWCS) Manager for review and a decision made on the award.

We aim to process applications within four weeks of receipt of the completed application and supporting evidence. Once evaluated, applicants will be informed of the outcome. If an application is unsuccessful, the notification will tell the applicant the reasons why an award has not been granted.

Successful applications will have the award applied to their non-domestic rates account, and will receive a notification informing them of the decision, the percentage and timeframe the deduction has been awarded for and an amended non-domestic rate bill.

1.6 Appealing a decision

Harrogate Borough Council are keen to ensure ratepayers feel they have been treated fairly and therefore applicants may write to the council to tell us why they consider a decision to be wrong. This should be received by the council no more than four weeks after notification of an unsuccessful application is received by the ratepayer. The submission will be reviewed by the council's Section 151 officer in conjunction with the Portfolio Holder for Finance (Cabinet Member for Resources, Enterprise and Economic Development). This will be completed within six weeks of receipt of the applicant's letter and the applicant will receive a written response.

If the applicant is still not satisfied with the response, a further appeal can be submitted to the Licensing Committee. The applicant will be notified of the appeal hearing and invited to attend, and subsequently notified in writing of the outcome of the appeal. The decision of the Licensing Committee is final.

Right of appeal for refusal to grant relief can be challenged by judicial review under section 138 of the Local Government Finance Act 1988. This is the means by which the decisions of billing authorities under discretionary rating powers may be questioned. Judicial review is a High Court remedy, which may be resorted to by any person or organisation under the Rules of the Supreme Court, and which is primarily concerned not with the facts of the case in question but with the way the facts have been considered. The High Court's principal concern, here, is with the procedures leading up to the consideration of the case, with the conduct of the procedures leading up to the consideration of the case, with the conduct of the proceedings while the case is being considered, and with the extent to which relevant or irrelevant matters were or were not taken into account.

1.7 Payment of non-domestic rates

Ratepayers are required to continue making payments towards their business rates as they become due, during both the application and appeal stages of the process. If payments are not received, then the council will continue with its normal process for recovering arrears.

2 Rates relief for businesses

There are a number of different areas of rate relief available for businesses. Some of these are set by central government to support certain circumstances or initiatives, whilst others are local discretionary reliefs supported by Harrogate Borough Council and therefore the local tax payer.

2.1 Mandatory relief for businesses

Details of mandatory reliefs can be found at <https://www.gov.uk/apply-for-business-rate-relief>

HBC has no discretion in awarding mandatory relief, however must be satisfied that the statutory criteria are met. Any concerns over the status of a business will be reviewed against the available case law.

Appeals against refusal to grant relief must be made to the Magistrate's Court at a liability order hearing.

2.2 Discretionary relief for businesses in the Harrogate District

2.2.1 Business investment in targeted growth sectors

The Economic Growth Strategy for the Harrogate District (<https://www.harrogate.gov.uk/economicgrowthstrategy>) seeks to build on existing strengths, proactively address the challenges that the district's economy faces and create effective partnerships, thereby securing a successful and sustainable economic future. This relief will support the following aims of the strategy:

- A good supply of quality employment space in the appropriate locations; encouraging business growth and inward investment;
- An increase in the district's productivity and gross value added (GVA);
- More higher value jobs and higher average workplace wages, generating greater expenditure in the district;
- An image as a great place to invest and do business.

Our ambition is to provide relief for businesses who want to establish new operations within the district. The specific targeted growth sectors are:

- Financial & Professional Services
- Creative & Digital
- Logistics
- Scientific Research & Development

Applications from other sectors may still be considered on a case by case basis.

Applications under this relief must demonstrate the following;

- Creation of new jobs within the Harrogate district

	Micro	Small	Medium	Large
New jobs in District (FTE)	1 -9	10 -49	50 - 249	250 +
Relief per FTE	6%	4%	2%	1%
Max relief	50%	50%	50%	50%

- Evidence of job creation and long term lease/freehold to show their commitment to continued business activity within the district.

Successful applicants can choose to either receive relief within the first year of occupation or spread this over the first three years of their investment. In the event the business re-locates outside of the Harrogate district within the five year time period following discretionary relief being awarded, then the organisation will be required to repay any relief granted.

The decision to make an award within this category of relief will be taken by the Revenues, Welfare and Customer Services Manager, in consultation with the Economic Development Team, and the relevant Cabinet portfolio holder.

2.2.2 Childcare support relief

The council recognises the benefit to local communities of childcare providers to enable parents to work to support family life and the local economy. For 2020/21, in response to the coronavirus, the Government announced the Nursery Discount for 2020/21 at 100% relief for eligible properties and during 2021/22 as 100% relief from 1 April 2021 to 30 June 2021 and 66% relief for the remaining period from 1 July 2021 to 31 March 2022.

The relief will apply to premises that meet the following criteria:

- Facility provides childcare for ten or more children under the age of eight
- Service is available a minimum of 8am – 5pm Monday to Friday
- Used wholly or mainly for provision of Early Year Foundation Stage
- Childcare vouchers are accepted as a form of payment
- Delivers on the government requirements to provide 30hrs of free childcare per child per week

2.2.3 Hardship relief

Section 49 of the Local Government Finance Act 1988 allows the authority discretionary power to reduce up to 100% the payment of business rates for either occupied (section 43 of the Local Government Finance Act 1988) or unoccupied (section 45 of the Local Government Finance Act 1988) properties.

Each case will be considered individually based on the information provided in the application. If

no evidence of hardship can be established, then there is no obligation for the authority to award hardship relief. The application should provide evidence against the following criteria;

- Prior two years trading accounts show a decrease in profitability
- The imposition of business rates is causing the hardship
- The loss of the business impacts on the local community through loss of employment, or services as the only supplier in the area;
- The business has proactively undertaken actions to manage the situation such as obtaining business advice, pricing review, employee remuneration review (reasonable remuneration classed as 150% of the national living wage);
- A business plan identifying how the current loss situation will be improved.

Applications for hardship relief against empty properties will only be considered in exceptional circumstances where there are clear benefits to the local taxpayers in making the award.

Applications will not be considered where the following factors are met;

- The latest available annual accounts show a profit, and/or;
- Assets or reserves amount to more than 300% of annual non-domestic rates liability, and/or;
- The proprietor has failed to exercise due diligence to anticipate circumstances that could result in hardship, and/or;
- A prior hardship relief award has been granted for 12 months in the last 24 month period, and/or;
- The business has been established for less than 12 months, unless there are clear unpredictable events that could not have been foreseen which threaten the viability of the business, and/or;
- There is no clear benefit to the council tax payer.

Relief will only be granted where the council feels there is clear evidence of hardship and is satisfied that failure to apply an award will impact on the longevity of the business and the community it serves.

Awards will be applied for a maximum of six months from the application date, or date evidenced hardship commenced. Applications can be made to extend the period of the award for a further six months, however previous business planning and performance will be considered before extending the duration of the award. Extension of hardship relief beyond the 12 month period will be under exceptional circumstances only and will be considered by the councils Section 151 officer in conjunction with the Portfolio Holder.

2.2.4 Increasing the supply of high quality office space

The availability of high quality office space is a priority to stimulate the local economy and development of high value growth sectors.

Applications under this category of relief must demonstrate the following;

- Must include B1 (a and b) use class (offices, research & development)
- Must be over 2,000 square feet (from the valuation office review)
- Must be in an accessible, preferably town centre location with consideration to public transport routes.

The amount of any reduction awarded will be considered in line with other applications received previously, and the following factors;

- Existing levels of relief
- Level of private investment
- Rateable value
- Layout – with a preference for open plan
- Digital infrastructure
- Energy efficiency improvements

The decision to make an award under this provision will be by the Revenues, Welfare and Customer Services Manager, in consultation with council's Estate Surveyors and the Cabinet portfolio holder.

2.2.5 Mobile infrastructure business rate relief

Local Authorities want to encourage mobile phone service providers to provide services to the more rural areas of the district where there is currently very poor or non-existent mobile phone coverage.

The areas where Business Rate Relief will apply are:

- a) Not Spots – The mast is to serve an area where there is no mobile coverage from any operator.
- b) Areas of Poor Mobile Coverage for all operators – The mast is to serve an area where the signal level is below the minimum level for all operators as stated by the industry regulator Ofcom.
 - The area may have some mobile coverage but it is not of a recognised level to sustain good communications. This will be measured by the NYCC Mobile Phone Coverage Programme Manager.

It should be noted that a mast will not be considered for business rate relief in areas where:

- There is currently coverage by one of the operators;
- There is a need to increase coverage due to capacity issues; or
- Operators are looking for a new site due to cessation notice on an original site.

The business rate relief will be applied to any new mobile infrastructure meeting the agreed criteria

up to a value of £6,000 per annum per mast initially for a period of three years. Two further extension periods of two years each may be awarded if after year three and year five a review of the site confirms the area of coverage is still low use and/or commercial changes such as building development have not impacted on the usage and therefore profitability of the mast. This gives a maximum possible relief of £42,000 over the seven year period.

Applications will be considered by the RWCS Manager in consultation with the NYCC Programme Manager – Mobile Phone Coverage, to confirm the location of the mast meets the criteria above.

2.2.6 Partly occupied property relief (Section 44a)

The council has discretion under section 44a of the Local Government Finance Act to award rate relief where part of a property is un-occupied for a temporary period of time. The award is calculated by statute and is calculated as a proportion of the rateable value apportioned to the unoccupied area by the Valuation Office. Each application must be accompanied by a plan clearly showing the un-occupied area the application applies to.

The intention of this relief is to assist businesses who may be changing their business model or relocating and occupying spaces over a gradual period of time, however there must be clearly definable spaces for the purposes of apportionment. The reasons for partial occupation should be evidenced by the rate payer and each application will be considered on its own merits. No award will be made where it appears to the council that un-occupation of part of a property is wholly or partially for the purposes of applying for partly occupied property relief. Applications will always be considered in line with the section 44a of the Local Government Finance Act 1988 and any relevant case law.

Examples of circumstances where an application would be considered include (but are not limited to) the following scenarios;

- Partial occupation of a factory or commercial property to facilitate relocation of the business
- Part occupation of premises due to a downturn in trade
- Fire, flood or other natural disaster prevents full use of the building

If a request for an award is accepted, the council will request a certificate from the Valuation Office Agency indicating the relevant values of the occupied and unoccupied portions. This certificate is binding to the council and there is no right of appeal against the apportionment.

The ratepayer must allow access to the property by a council officer by appointment Monday to Friday between 9am and 5pm within two weeks of the application being received in order for the officer to verify the occupation of the property. If required, further access may be requested during the award period. Access to the un-occupied area may be requested immediately without advanced notice. Should access not be allowed promptly without good cause, the rate relief award may be withdrawn.

The effect of the apportionment applies for the period the relief is applied, defined as the period beginning with the day the partial un-occupancy commenced, and ending on the first day one of the following events occurs;

- Occupancy of the un-occupied part of the property
- The end of the financial year in which the apportionment was made
- The end of six months from when the apportionment was made
- Requirement of a change to the apportionment
- Change to the liable party
- Complete occupation of the property
- Complete vacation of the property

Retrospective applications will not be considered once re-occupation of the space has taken place, unless independent evidence can be supplied to support a backdated claim.

2.2.7 Re-occupation of empty listed building

Empty listed buildings currently receive a mandatory rate relief of 100% with no time limit. This means there is little incentive for owners or investors to bring these properties back into use, reducing the risk of decay and safety issues, whilst helping to retain the rich heritage of the district which plays an important part in its economic development.

To incentivise investment in these properties, HBC will provide relief to the rate payer over a three year period, once commercial activities have resumed or started in the property. The following criteria must be met for relief to be granted;

- The building must be listed and have been vacant for a minimum of twelve consecutive months;
- Evidence must be submitted that some renovation is required to bring the building back into commercial use;
- The applicant must gain Listed Building consent for the proposed work, and any associated planning permission

Where the criteria are met, relief is as follows:

Year after property is brought back into use	Maximum % of relief
Year 1	80%
Year 2	50%
Year 3	20%

The relief only applies to the owner/occupier making the improvements to the building. The relief will end if the ownership or responsibility for paying the rates changes to another person or organisation after the award has been made.

The decision to make an award under this provision will be by the Revenues, Welfare and Customer Services Manager, in consultation with officers from Planning and Development and the Cabinet portfolio holder.

2.2.8 Retail, Hospitality and Leisure Relief

Since 2019/20 the government has provided a Business Rates Retail Discount for retail properties. In 2020/21, in response to coronavirus, the discount was increased from 33% to 100% and expanded to include leisure and hospitality sectors. This continued for 2021/22 providing 100% relief for 1 April 2021 to 30 June 2021 and 66% relief, subject to cash caps, from 1 July 2021 to 31 March 2022.

For 2022/23 the Government are providing the Retail, Hospitality and Leisure (RHL) Business Rates Relief scheme^P for eligible, occupied, retail, hospitality and leisure properties will receive a 50% relief, up to a cash cap limit of £110,000 per business.

Application of this relief will be processed automatically, where it is clear to the local authority the ratepayer meets eligibility criteria. Where RHL relief is awarded ratepayers are required to inform the council if they are in breach of the cash caps. Relief will be withheld where it is clear to the local authority that the ratepayer is likely to breach the cash caps.

Businesses that will benefit from the relief will be those which for a chargeable day in 2022/23 where:

- a. Meet the eligibility of RHL relief scheme, as set out below
- b. The ratepayer has not refused the relief for the eligible hereditament. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2023. The ratepayer cannot withdraw their refusal for either all or part of the financial year. Where relief is refused then there is no eligibility to expanded relief discount.
- c. billing authorities may not grant the relief to themselves or certain precepting authorities (e.g. a parish or county council) in line with section 47(8A) LGFA 1988.

Eligibility for Retail, Hospitality and Leisure Relief

Hereditaments (properties in the non-domestic rating list) will be eligible for the relief will be occupied hereditaments which meet all following conditions for the chargeable day:

They are wholly or mainly being used:

- i. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- ii. for assembly and leisure; or
- iii. as hotels, guest & boarding premises and self-catering accommodation

We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

- a) hereditaments that are being used for the sale of goods to visiting members of the public.
 - Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
 - charity shops
 - opticians
 - Post offices
 - Furnishing shops/display rooms (such as carpet shops, double glazing, garage doors)
 - car/caravan show rooms
 - Second hand car lots
 - markets
 - petrol stations

- garden centres
 - art galleries (where art is for sale/hire)
- b) Hereditaments that are being used for the provision of the following services to visiting members of the public.
- Hair and beauty services (such as hairdressers, nail bars, beauty salons, tanning shops etc)
 - Shoe repairs/key cutting
 - Travel agents
 - Ticket offices e.g. for theatre
 - Dry cleaners/laundrettes
 - PC/TV/domestic appliance repair
 - Funeral directors
 - Photo processing
 - Car/Tool hire
- c) Hereditaments that are being used for the sale of food and/or drink to visiting members of the public
- Restaurants
 - Takeaways
 - Sandwich shops
 - Coffee shops
 - Pubs
 - Bars
- d) Hereditaments that are being used as cinemas
- e) Hereditaments that are being used as live music venues
- f) Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of public (including viewing of such activities)
- Sports grounds and clubs
 - Museums and art galleries
 - Nightclubs
 - Sport and leisure facilities
 - Stately homes and historic houses
 - Theatres
 - Tourist attractions
 - Gyms
 - Wellness centres, spas, massage parlours
 - Casinos, gambling clubs and bingo halls
- g) Hereditaments that are being used for the assembly of visiting members of the public
- Public halls
 - Clubhouses, clubs and institutions
- h) Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business
- Hotels, guest and boarding houses
 - Holiday homes

- Caravan parks and sites

The hereditament should be wholly or mainly being used for the above qualifying purposes.

The list of uses is not intended to be exhaustive and it is for the Local Authority to determine applications where a particular property not listed are broadly similar in nature to those above.

Types of use not considered to be eligible:

- a) Hereditaments that are being used for provision of services to visiting members of public
 - financial service (banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
 - medical services (vets, dentists, doctors, osteopaths, chiropractors)
 - professional services (solicitors, accountants, insurance agents, financial advisers, employment agencies, estate agents, letting agents)
 - Post office sorting offices

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

The Retail, Hospitality and Leisure scheme is always calculated after mandatory relief (such as charity and small business rate relief) and other discretionary reliefs funded, excluding any local discretionary discount and ignoring cash caps.

2.2.9 Extension of Transitional Relief and Supporting Small Business relief

The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation ending on 31 March 2022 (when the current rating list ends) and as a result a small number of ratepayers would face a jump to their full rates bill from 1 April 2022.

For 2022/23 the government has extended the current transitional relief (TR) scheme and the supporting small business (SSB) scheme for one year to the end of the current revaluation cycle on 31 March 2023 as a new rating list (following a national revaluation) will be in place from 1 April 2023.

Those properties that can benefit from the relief are:

- Properties with a rateable value up to and including £100,000 who would have received transitional relief and/or SSB in 2022/23. In line with the existing thresholds in the transitional relief scheme, the £100,000 rateable value threshold should be based on the rateable value shown for 1 April 2017 or the substituted day in the cases of splits and mergers.
- This policy does not apply to those in downward transition to lower bills – they will fall to their full bill on 1 April 2022.

The level of relief awarded is in line with the practical effects of the transitional relief scheme and should be assumed to remain as it is in the current statutory scheme (As prescribed in the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265) except that:

(a) the cap on increases for small properties (with a rateable value of less than or equal to £20,000/£28,000 in London) in 2022/23 should be assumed to be 15% (before the increase for the change in the multiplier). Specifically, X in regulation 10(6) for the year commencing 1 April 2022 should be assumed to be 115. Q in regulation 10(12) should be assumed to be 1, and

(b) the cap on increases for other properties (up to and including £100,000 rateable value) in 2022/23 should be assumed to be 25% (before the increase for the change in the multiplier). Specifically, X in regulation 10(4) for year commencing 1 April 2022 should be assumed to be 125. Q should be assumed to be 1.2

The SSB scheme should be assumed to remain as it is in the current non-statutory scheme (Found in Annex A of the Business Rates Information Letter 4/2017.) with a percentage cap in 2022/23 of 15% plus inflation (or a cash value increase of £600 if greater).

Subsidy Control

Relief will be awarded where subsidy limits (state aid) have not been breached. This relief falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the Trade & Cooperation Agreement allows a holding company/subsidiary of - to receive up to £343,000 drawing rights in a three-year period (consisting of 2022/23 and two previous years). BEIS Business Grants are counted towards this limit, but previously awarded retail discount is not counted. In those cases where it is clear to the local authority that the ratepayer is likely to breach the Small Amounts of Financial Assistance Allowance then the authority will automatically withhold the relief.

Recalculations of Relief

As with the current transitional relief scheme, the amount of 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.

The council may make changes to the level of relief where decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.

When making an award for the extension of transitional relief the council will ensure in the conditions of the award that the relief are subject to the property's continuing eligibility. If the property's rateable value changes so that it is no longer eligible, the relevant chargeable amount must be recalculated to reflect that fact. This includes where the change in the rateable value is backdated.

2.2.10 Rural rate relief

Some rural businesses are eligible for mandatory Rural rate relief of 100% however applications for discretionary relief up to 50% can be made by any rural business, if they meet the following criteria;

Rural relief is only applicable to occupied properties

- The business must be situated in a rural area that has a population of no more than 3,000 residents on the 31st December of the preceding financial year.
- The business property must have a rateable value of no more than £16,500

Business accounts for the previous two years showing profitability are required to determine levels of relief against the following

Gross profit as a % of turnover	Maximum relief to be awarded
Up to 20%	50%
21% to 25%	40%
26% to 30%	30%
31% to 35%	20%
36% to 40%	10%
Over 40%	0%

Relief is allocated for one year only, and updated accounts are required to be submitted for review with each further annual application. Where a business is in its first two years of trading, relief will be based on a realistic forecast of future trading, and may take into account previous occupants or performance of similar businesses in the area.

2.2.11 Town centre improvement relief

Quality of 'place' is a significant factor in the economic vitality of the Harrogate District. It is therefore important that our town centres are seen as vibrant and attractive places to live, work, visit and do business.

Harrogate Borough Council would like to support local small business owners to improve the appearance of business premises in our town centres. Applications will be considered across the district to support the external re-decoration of properties with a rateable value of up to £50,000. This relief is also available to unoccupied business properties that meet the criteria. Town Centre Improvement Relief will be available in the "[town centre](#)" areas as defined of Boroughbridge, Harrogate, Knaresborough, Masham, Pateley Bridge and Ripon to help maintain the overall aesthetics of these areas.

Applicants are required to submit current photographs showing the state of the building and a quote for the decoration works to be carried out to provide assurance of the quality and longevity of the work to be undertaken and ensure proposals are in keeping with the local area. HBC will at this point approve applications and on proof of completion of the works will award relief of up to £1000 against the current years business rates liability.

2.2.12 Local Newspapers

From 1 April 2017 the Government has provided funding to local authorities to offer a £1,500 business rates relief for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to subsidy allowances. This has been extended for additional years and is now available until 31 March 2025.

The property must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

The relief is specifically for local newspapers considered to be a “traditional local newspaper.” The relief is not available to magazines.

3 Rate relief for non- profit making organisations

Equally important in considering our district is the development and maintenance of our community. The mix of urban and rural populations in the Harrogate District brings with it challenges around transportation and access to services. Ensuring community groups and local activities are developed and sustained helps to reduce potential for isolation and depletion of community activities and contacts.

3.1 Mandatory reliefs for organisations

The Local Government Finance Act 1988 requires the Council to grant mandatory rate relief of 80% of the business rate liability in the following cases;

- Registered charities where the property is wholly or mainly used for charitable purposes
- Clubs registered with HMRC as a Community Amateur Sports Club (CASC)

Where a property is owned by a charity, or its trustees and it appears that when next in use, the property will continue to be used mainly for charitable purposes; the ratepayer will qualify for a mandatory allowance of 100% on the unoccupied charge payable.

HBC has no discretion in awarding mandatory relief, however must be satisfied that the statutory criteria are met. Any concerns over the status of an organisation will be reviewed against the available case law.

Appeals against refusal to grant relief must be made to the Magistrate's Court at a liability hearing.

3.2 Discretionary relief for organisations

There is a legislative requirement for businesses and organisations to identify mandatory rate reliefs applicable to their rateable property before applying for discretionary relief. Harrogate Borough Council recognises that not all businesses or organisations will fit into the above categories and will consider each application for discretionary relief on its own merit. The Council recognises the valuable role played by clubs and organisations within the community, however as any relief granted is paid by the tax payers of the district, it is important that the benefit to the tax payer is considered as part of the evaluation.

Applications for up to 100% discretionary relief can be submitted by not for profit organisations whose aims are charitable or otherwise philanthropic and in the interest of Harrogate Borough Council residents, concerning the promotion of social welfare, education, science, literature or the arts.

Applications may also be submitted where a property is mainly used for the purpose of recreation and all or part of the property is occupied as a club, society or other organisation not established or conducted for profit. Applications will be considered from any company wholly owned by the Council established for the provision of service delivery for recreation and social welfare on behalf of the Council. In such cases 100% discretionary rate relief will be awarded where it is in the interests of the Council Tax payers to do so.

3.2.1 General evaluation criteria

The following criteria **must** be met;

- No membership exclusions on the grounds of protected characteristics as defined within the Equalities Act
- The cost of access to club services is not excessive and prohibitive to general membership from all residents of the district.
- Quality of life within the community would be significantly affected if relief was not granted
- No other organisations are providing similar services or facilities within the local area
- No licenced bar open year round to a regular opening schedule outside of events and activities.

Benefit to district residents

To ensure discretionary relief is being considered in terms of benefit to the district, the percentage of membership being met from within the Harrogate district should be considered as follows;

Residents of Harrogate district as a percentage of overall membership	Maximum relief to be awarded
Over 74%	25%
50% to 74%	15%
Below 50%	0%

Provision of services to youth groups, special interest groups or groups identified under the equalities act

HBC encourages the development of facilities and opportunities to support young people within the district for both their personal development and support needs, particularly where membership or attendance is free of charge, or at appropriately reduced rates, or the facility complements other council run developments. Other special interest services are welcomed where there is a positive impact on the community served by the facility and loss of the facility would be detrimental to the health and/or wellbeing of its membership.

Provision of services to youth, special interest or groups under Equality Act	Maximum relief to be awarded
All services targeted at one or more of above groups	25%
Active programme in place to target the above groups	10%
Reduced fee structure in place for above groups	5%

Self-financing

To establish sustainable, local organisations the council is keen to support those who demonstrate good financial management and self-sufficiency where possible. This does not exclude the receipt of external income through grants, however fund raising events and subscriptions can also help fund raising, and contribute to the community value of the organisation. The award levels associated with self-financing are therefore set to encourage organisations to increase their self- financing income levels as follows;

Self-financing income	Maximum relief to be awarded
Over 74%	25%
50% to 74%	15%
Below 50%	0%

Levels of reserves

Whilst the levels of reserves held by an organisation can vary significantly, they need to be evaluated proportionally to the rate liability due for the property.

Reserves or savings as a percentage of rate liability	Maximum relief to be awarded
Below 100%	25%
100%-299%	15%
Over 300% (500% hospices)	0%

3.2.2 Charities and CASCs

Some organisations eligible for the 80% relief above may also apply for discretionary top up relief up to 100% of their rates liability.

Academy, free, grant maintained, faith and trust status schools will not be granted discretionary relief, unless a special case for hardship can be proved under which circumstances an application under this category should be submitted (section 2.2.4)

This discretionary relief will be awarded proportionally against the criteria in 3.2.1