Policy for the Award of Hardship Relief for Business Rates

1. **Introduction**

1.1.1 Councils have the power to reduce or remit the business rate charge where it considers that ‘hardship’ would otherwise be caused to the ratepayer.

1.2 **Legislation**

1.2.1 The provisions are set out in Section 49 of the Local Government Finance Act 1998.

1.3 **Durham County Council Policy**

1.3.1 Applications to reduce or remit the business rate charge will only be considered where the Council is satisfied that the ratepayer would otherwise sustain hardship and that it is reasonable to grant relief having regard to the interest of council tax payers who are affected by decisions under this section. This is because 50% of the cost of exercising this power has to be funded by the Council through general fund expenditure.

1.4 **Criteria**

1.4.1 Each application for hardship will be considered on its merits with issues that will need to be considered on each occasion including:

- All applications should be made in writing from the ratepayer, their advocate/appointee or a recognised third party acting on their behalf, using the relevant form and contain the necessary information.

- All applications are only intended as short term assistance and will not extend beyond the current financial year, and should not be considered as a way of reducing Business Rate Liability.

- Hardship relief or remission will be the exception and not the rule.

- The financial interests of the council tax payers will not be the overriding factor e.g. employment and amenities provision will also be may taken into account.

- Where the granting of relief will have an adverse effect on the financial interests of the council tax payers, relief may still be
granted if the case for relief on balance outweighs the costs to taxpayers.

- The potential amount of any relief may in some cases constitute state aid and therefore adherence to EU regulations must be followed.

- The test of hardship will include an assessment of the ratepayer's individual accounts to verify that the payment of rates would cause hardship.

- The assessment of the accounts will identify the cause of the business failings and a simple accounting calculation will be carried out as follows:

  \[
  \begin{align*}
  \% \text{ of Rates to Sales} \\
  \% \text{ of Rates to Gross Profit} \\
  \% \text{ of Rates to Expenditure}
  \end{align*}
  \]

  Ratio of Current Assets to Current Liabilities
  Ration of Current Assets less Stock to Current Liabilities

Relief will normally only be awarded retrospectively. However, where you can show that the circumstances will remain the same for a period up to the end of the current financial year relief may be awarded for the remainder of the year.

1.5 **Period of Hardship Relief**

1.4.1 In all cases relief will end in the following circumstances:

- At the end of a financial year
- All or part of the unoccupied area becoming occupied
- A change of liable person
- The property becomes empty, or become occupied
- The ratepayer enters any form of formal insolvency
- The ratepayers financial circumstances significantly change (the rate payer must inform the council if their circumstance change e.g. Change in rateable value)

From the assessment of the above criteria, the council will determine if the business is suffering from financial hardship due to the payment of Business Rates.

1.6 **Examples of appropriate circumstances**

1.6.1 The following examples indicate circumstances where it may be appropriate to award relief. They are included in this policy in the form of broad general guidelines and are not intended to be prescriptive.
a) Without rate relief the business will close and deprive local residents of an essential service and protecting employing.

b) The ratepayer’s business has been detrimentally affected by circumstances beyond the ratepayers control and that do no constitute part of the normal risks in running a business (e.g. a natural disaster, an unusual or uncontrollable event in the neighbourhood of the business such as a fire making the immediate area of the business unsafe).

N.B. in addition, it must be in the interest of the community as a whole for Hardship relief to be granted.

1.7 Claiming a reduction due to Hardship

1.7.1 A claim must be made on an approved application form. This application form and any supporting information should be completed and returned to:-

Durham County Council
Revenues and Benefits
PO Box 238
Stanley
Co Durham
DH8 1FP

1.7.2 It is the responsibility of the Ratepayer applying for relief to provide sufficient information and documentary evidence to support their applications. If the Ratepayer applying does not or will not provide the required evidence, we will still consider the application but only on the basis of the information and evidence provided.

1.8 The decision making process

1.8.1 Upon receipt of written application form, all supporting information must be included for consideration.

- Initial applications will be considered by Revenues Team Manager (NNDR). These will include review sheet, with findings and financial implications and initial recommendations.

- Recommendations will then be forwarded to Revenues & Benefits Manager via the Revenues Manager.

- These will then be forwarded to Head of Financial Services for approval/refusal.
• Once decision has been approved the rate payer will be advised in writing of the decision.

1.9 Review of decision

1.9.1 Under the Local Government Finance Act 1992, there is no right of appeal against the Council’s use of discretionary powers. However, on individual discounts, the Council will accept a customer’s request from a rate payer for a re-determination of its decision.

• Re-determination of the decision will be by the Corporate Director.

• The Council will consider whether the rate payer has provided any additional information that will justify a change to its original decision.

• The Council will notify the rate payer of its decision within 21 days of receiving a request for a re-determination.