



Business Rates Discretionary Hardship Reduction Policy

Section 49 Local Government Finance Act 1988

November 2022

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1. Introduction

- 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 The provisions are set out in Section 49 of the Local Government Finance Act 1998
- 1.3 Applications to reduce or remit the business rate charge will only be considered where the Council is satisfied that the rate payer would otherwise sustain hardship, and that it is reasonable to grant relief having regard to the interest of residents and businesses of Durham who are affected by decisions under this section.

2. Key Aims

- 2.1 Councils have the power to reduce or remit the business rate charge where it considers that 'hardship' would otherwise be caused to the ratepayer.
- 2.2 All applications should be made in writing from the rate payer, their advocate/appointee or a recognised third party acting on their behalf, contain the necessary information and attach relevant supporting documents where possible to the Council's formal Application Form.
- 2.3 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.
- 2.4 Hardship relief or remission will be the exception and not the rule.
- 2.5 The financial interests of the council taxpayers will not be the overriding factor e.g. employment and amenities provision will also be taken into account.
- 2.6 The potential amount of any relief may in some cases be limited by the Subsidy Control Act 2022 and therefore current UK guidance and any subsequent legislation will be adhered to.
- 2.7 The test of hardship will include an assessment of the ratepayer's individual accounts to verify that the payment of rates would cause hardship. It is not to be used as a debt solution for historic arrears.

2.8 To aid the Council in making a determination as to the award of hardship, a number of factors will be considered. These include (but are not limited to) as follows:

- % of Rates to Sales
- % of Rates to Gross Profit
- % of Rates to Expenditure
- Ratio of Current Assets to Current Liabilities
- Ratio of Current Assets less Stock to Current Liabilities

2.9 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 award for the remainder of the year.

3. Period of Hardship and relief

3.1 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 ratepayer's financial circumstances significantly change the rate payer must inform the council if their circumstances change (e.g. Change in rateable value)

3.2 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.

3.3 Examples of appropriate circumstances: (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.)

- Without rate relief the business will close and deprive residents of an essential service and protecting employers.

- The ratepayer's business has been detrimentally affected by circumstances beyond their control that do not constitute part of the normal risks in running a business e.g. a natural disaster, global event, an unusual or uncontrollable event in the neighbourhood of the business such as a fire making the immediate area of the business unsafe or an event which affects multiple businesses or individuals.

4. Making a claim

- 4.1 A claim must be made in writing with relevant supporting information enclosed and should be completed and returned to:-

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

Email: revenuesenforcement@durham.gov.uk

- 4.2 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 based on the information and evidence provided.

5. The decision-making process

- 5.1 Initial applications will be considered by an Enforcement and Insolvency officer within 28 days of receipt of a signed application and supporting information. This will include a review of findings, financial implications, and initial recommendations.
- 5.2 If the Enforcement and Insolvency Officer proposes to reject then a Team Leader will assess the review and if in agreement then a letter will be issued outlining the reasons for rejection and rights of re-determination?
- 5.3 If the Enforcement and Insolvency Officer recommends approving the application and a Team Leader agrees this will escalate to the

Assistant Payments, Income and Support Manager who will review. Their approval is needed to agree the application.

- 5.4 If the Assistant Payments Income and Support Manager disputes the decision of the Officer and Team Leader and rejects the application then any redetermination would be considered at PIS Manager level and that decision would stand.
- 5.5 Once a decision has been approved the ratepayer will be notified in writing of the decision within 28 days and a revised demand notice (bill) will be issued where applicable.
- 5.6 Whilst every effort will be made to meet the deadlines outlined above, failure by the Council to do so does not qualify the claimant for reduction.

6. Further Review

- 6.1 Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. However, a ratepayer may ask for a redetermination
- 6.2 Any redetermination will be completed by a different set of Officers and if this remains as a decision to reject then that decision will stand.
- 6.3 The Council will notify the ratepayer of its decision within 21 days of receiving a request for a redetermination.