

# **South Cambridgeshire District Council**

## **Policy for the Award of Rate Relief due to Hardship**

**In accordance with Section 49 to the Local Government Finance Act 1988.**

### **Overview**

**This policy was revised in April 2009**

This policy has been agreed by the South Cambridgeshire District Council to ensure all ratepayers making applications for this rate relief are treated in a fair, consistent and equal manner.

This policy;

- Sets criteria for the factors that should be considered when making a decision to award or refuse relief
- Seeks to safeguard the interest of local taxpayers by ensuring that funds allocated for the award of discretionary rate relief are used in the most effective and economic way and in a manner that contributes to the Council's Aims.
- Facilitates the award of discretionary hardship relief where such awards will enable businesses to continue as going concerns to the benefit of residents and employees, particularly during periods of economic downturn.

### **Scope of the Policy**

1. This policy shall apply in respect of applications for discretionary rate relief due to hardship under Section 49 to the Local Government Finance Act 1988.
2. Applications for discretionary rate relief will only be considered once properly completed applications for any mandatory relief to which it appears the ratepayer may be entitled have been received and considered.
3. Where a statutory scheme for the deferment of payment is in force then payment shall be first deferred and any award of rate relief should be based on the amount due for the year less any amounts deferred to a future year.
4. Applications in respect of deferred amounts may be made, and will be considered, at the time that the deferred amounts become payable.
5. Where it appears that restructuring instalments within the current financial year will enable the amount of hardship relief requested to be reduced or eliminated then instalments shall be restructured (e.g. to allow payments over 12 months rather than 10 months).

6. Rate relief shall only be awarded under this policy in exceptional circumstances.
7. The maximum amount of relief awarded under this policy to any ratepayer shall be limited to a cost to the Council of £5,000 per year.
8. Applications must be in writing, and, as a minimum must contain the information specified in the Council's standard application form.
9. Applications will only be considered where signed by the ratepayer, or, where an organisation is the ratepayer, an appropriately authorised representative of the organisation.
10. Additional information deemed by the Council to be essential in order for a fair evaluation of the application to be made must be supplied on request.
11. The Council will not make unnecessarily onerous requests for supporting information and will consider applications promptly to ensure businesses do not suffer further hardship during the application process.
12. Ratepayers aggrieved with an initial decision made in respect of an application have a right of appeal. Appeals must be made in writing and will only be considered if received within six weeks of the Council notifying the ratepayer of the decision.
13. Determination of awards and appeals shall be processed in accordance with the Council's Constitution.
14. Awards shall be limited to the period ending at 31st March of the year in respect of which the application is made. New applications may be submitted each financial year.
15. Where the business ceases trading, enters into insolvency or vacates the property for which relief is awarded then the award will be terminated and the amount of hardship relief awarded shall be apportioned accordingly.
16. Awards shall be reviewed in the event of a change of liability for any other reason (e.g. change in rateable value) and the award may be adjusted in view of the change in liability.
17. In very exceptional circumstances where an application is considered to be particularly deserving, but falls outside the scope of this policy, the Council may choose to make an exception and award relief. Such awards will be determined in accordance with the Council's Constitution, will be strictly at the discretion of the Council and not subject to any right of appeal.

## **Essential Legislative Requirements**

The applicant must meet both of the following essential legislative requirements before an application can be considered

1. The applicant must evidence to the Council's satisfaction that it would suffer hardship, financial or otherwise, if it were required to pay the rates demanded.
2. The applicant must demonstrate to the Council's satisfaction that it would be in the best interest of local Council Taxpayers for an award to be made.

## **Criteria**

Where the above essential requirements are met the applications for hardship relief shall be evaluated against the following criteria. However, the criteria outlined below are intended simply to set out the minimum considerations and are not intended to be comprehensive.

Any other relevant factors should also be considered in evaluating an application.

## **Factors weighing in support of an award of hardship relief**

1. The business is suffering hardship as a direct result of unusual factors outside its control (for example natural disasters).
2. The business is beneficial to the local community and is unlikely to survive without assistance through hardship relief.
3. The business provides employment to local residents in an area where employment opportunities are limited.
4. Payment of rates is a significant proportion of the cost of running the business and it can be reasonably expected that an award of hardship relief will enable the business to continue as a going concern.
5. The business has taken steps to reduce costs, or increase revenue, or has a clear business plan to do so.
6. The factors creating hardship are of limited duration and it is reasonable to expect the hardship to end in the foreseeable future.
7. The business has a good record of paying non-domestic rates as they fell due in the past.

8. The proprietors or directors have reduced the amount of remuneration they take from the business to assist in reducing costs.
9. The business is well established.
10. The business is a going concern.
11. The business is proactive in addressing its financial difficulties and has sought independent business advice to assist in improving its trading position (e.g. through Business Link).

**Factors weighing against the award of hardship relief**

1. The business is suffering hardship due to inadequate financial management.
2. The amount of business rates is not a significant proportion of the organisation's running costs, and an award of relief is unlikely to affect the viability of the organisation.
3. The proprietors or directors have not adjusted their remuneration taken from the business to reflect its current financial position.
4. There are other organisations within the locality that provide the same services.
5. Other forms of rate relief are available to the organisation.
6. The organisation is unable or unwilling to provide detailed financial information to support the application.
7. The business has a poor record of paying non-domestic rates and it has proved necessary to take legal action to enforce payment in the past.
8. The property in respect of which the application is made is unoccupied.
9. One or more of the directors of a limited company have within the last three years acted as director or company secretary of a company that has entered into formal insolvency, or have entered into formal personal insolvency.
10. The proprietor has within the last three years entered into formal personal insolvency, or has acted as director or company secretary of a company that has entered into formal insolvency.