



**Agenda Item 5 - Appendix 2**

**WARRINGTON BOROUGH COUNCIL**

**Business Rates Hardship Rate Relief Guidance 2013**

**1. PURPOSE**

- 1.1 To seek approval for the adoption of policy and process relating to applications for Hardship rate relief on National Non-Domestic Rates (also known as Business Rates) to businesses within the borough.

**2. INTRODUCTION**

- 2.1 Section 49 of the Local Government Finance Act 1988, allows the Council the discretionary power to reduce or remit either in full or in part the payment of National Non Domestic Rates (Business Rates) where it is satisfied that:
- 2.2 The ratepayer would sustain hardship if the Local Authority did not do so; and
- 2.3 It is reasonable to do so, having regard to the interests of its Council Tax payers.

**3. DEFINITION OF HARDSHIP**

- 3.1 In view of the discretionary nature of this type of relief, it is not possible for the Council to lay down rigid rules as to which organisations are entitled to relief. There is no statutory definition of hardship and it is for each Council to determine its own policy taking into account the needs of the individual and local tax payers as a whole.
- 3.2 Reduction or remission of rates on the grounds of hardship should be considered the exception rather than the rule.
- 3.3 This document sets out the policy guidelines that Warrington Borough Council, hereafter called the Council, will follow, and the criteria by which the Council will be guided when deciding whether or not to award hardship rate relief.
- 3.4 All Officers involved in the consideration and processing of Hardship relief applications will adhere to this policy.
- 3.5 In the current economic climate applications for hardship relief can only be considered in exceptional circumstances

## **4. CRITERIA**

- 4.1 The Council will examine requests for hardship on a case by case basis taking into account all relevant circumstances.
- 4.2 In order to be considered for the relief the Council must be satisfied that there is evidence of financial hardship and personal circumstances that justifies a reduction in business rates. Each application for hardship will be considered on its merits.
- The Council must be satisfied that the Customer has taken reasonable steps to resolve their financial situation prior to application.
  - The Council's must consider its finances to allow for a reduction in business rates to be made and whether it is reasonable to do so in light of the impact on the Council Tax payers of Warrington.
- 4.3 Documents could include audited financial statements banking and other accounting records

## **5. DEMONSTRATING HARDSHIP**

- 5.1 The ratepayer must clearly be able to demonstrate that they will suffer hardship if the relief is not granted.
- 5.2 The ratepayer must provide the Council with appropriate information to demonstrate that they are currently experiencing hardship. This will include:
- Detailing the factors that have contributed to the current situation; and applications must be supported by, and include copies of:
  - A full set of audited accounts relating to the two years preceding the date of application demonstrating the current financial position. This will enable the Council to compare the current financial position with the previous two years.
  - Applications from excepted businesses and/or organisations cannot be considered.
  - Excepted businesses and/or organisations are properties which are occupied by a billing or precepting authority, such as the Council.
  - Details of how the organisation meets the criteria and other factors that the Council should take into consideration are outlined in schedule 1

## **6. INTERESTS OF THE COUNCIL TAX PAYER**

- 6.1 The Council must determine that it is reasonable to award hardship relief having regard to the interests of its Council tax payers.

- 6.2 The Council Tax payers of Warrington will bear 49% of the cost of any relief awarded. To assist in identifying the impact to local Council tax payers the Council will consider not only the financial implications but the overall interests to the community as a whole.
- 6.3 In determining the impact on the Council tax payer the Council will consider the following;
- The impact on employment in the Borough should the business cease trading.
  - The business provides an essential service to the community and there is no suitable alternative.
  - The business provides a key service that contributes to the Council or the local strategic partnerships priorities
  - The business is sustainable in the long term
  - The business by obtaining relief does not obtain a commercial advantage compared to other organisations in the community competing within the same sector. The awarding of relief may also constitute state aid under article 87 of the European Treaty.

## **7. PERIOD OF RELIEF**

- 7.1 Hardship relief is only intended as short term assistance and should not be considered as a way of reducing business rates liability indefinitely. Hardship relief will normally be granted as a percentage of the rates payable for a specific period, usually the rating year in which the application is made.
- 7.2 The granting of hardship relief will be reviewed annually and those in receipt of the relief will be asked to supply or confirm relevant information for the purpose of the review.
- 7.3 If an organisation in receipt of discretionary relief ceases to meet the eligibility criteria outlined in this policy, it will cease to receive the relief.
- The financial circumstances of the ratepayer change. Note the ratepayer has a duty to inform the Council if their circumstances change.
  - The ratepayer enters any formal insolvency
  - There is a change in the liable person
  - The property is used for a different purpose.
- 7.4 If an organisation in receipt of discretionary relief ceases to meet the eligibility in this policy, it will cease to receive the relief.

## **8. APPLYING THE POLICY**

- 8.1 No figures are available because the last time the Council granted hardship relief was in 2009 to the Birchwood Project in the sum of £851.41.
- 8.2 The Council should achieve a response to 100% of applications received within 30 days.

## **9. GRANTING RELIEF**

- 9.1 The Policy intention is to allow the Revenues Manager to give consideration to granting hardship relief and set out the criteria received from the ratepayer.
- 9.2 An application will generally be considered for hardship relief where:
- 9.3 The Council is satisfied that the business has demonstrated hardship in the application
- 9.4 The organisation making the application provides a clear community benefit to the local area
- 9.5 There would be a detrimental impact on employment locally
- 9.6 Any decision to grant discretionary rate relief will be subject to budget availability.

## **10. APPEALS**

10.1 The rating legislation does not allow a ratepayer to appeal a decision by the Council on hardship rate relief. However, it is regarded as good practice for local authorities to establish a mechanism to allow appeals to be heard. Should Warrington Borough Council receive letters of appeal from ratepayers regarding the decision made, we will escalate any appeal received to the Head of Service to review the decision made, and their decision will be final.

### **Schedule 1**

#### **Further criteria and factors to take into consideration**

The Council should ensure that the Customer does not have access to other assets that could be realised and used to pay the Business Rates.

That all other eligible discounts and reliefs have been awarded to the Rate payer.

The customer has been advised how to appeal the rateable value to the Valuation Office Agency.

Whether the Council offer deferment or extend the payment arrangement.

If any of the above criteria is sufficient to assist the Business then no further action is required

**Establish the following**

What are the main objectives of the organisation?

Do the organisations objectives fit with the strategic objectives of the Council?

Is the organisation locally based rather than national with a high proportion of Warrington Residents as employees? (The Council should obtain a post code list of employees to determine the % of jobs held by Warrington residents).  
What would be the impact on unemployment/employment prospects?

Does the business have a good previous payment history?

Demonstrate that the awarding of the relief will make a genuine difference to the prospects of the business.

Ensure that any relief granted will be used for the benefit of the business and not the direct financial benefit of an individual (e.g. owner, director)

What other measures has the business undertaken to improve its finances and help the business survive?

Contact Accounts Receivable to establish whether the business owes other debts with the Council.

How important is the organisation to the local community and what would be the effect on the locality if the business ceased trading?

Are there organisations providing the same service available elsewhere in the local community?

Is the same service available by public transport?

Would the granting of the relief be in the interest of the Council Tax payers of Warrington and the community as a whole?

Consider the financial impact on the Council given that agreed budgets cannot be exceeded.

What would be the effect on Council Tax payers generally of increasing Council Tax bills to cover the cost of granting the relief?

