

**Newcastle City Council  
Policy for the granting of  
Discretionary Non-Domestic Rate Relief**

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## 1.0 Purpose of the Policy

- 1.1 The purpose of this policy is to determine the level of discretionary relief and related areas to be granted to certain defined ratepayers within the Council's area.
- 1.2 The Local Government Finance Act 1988 and subsequent legislation requires the Council to grant mandatory relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. This Council defines 'wholly or mainly' in this context as meaning that 80% of the property must be used for charitable activities. Likewise, certain premises situated within a rural settlement area will be eligible for mandatory relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where the Council feels the granting of such relief would be of benefit to the local community.
- 1.3 In addition to the above, Central Government is keen that in certain cases, assistance should be provided to businesses who have had increases in their rate liability due to the revaluation of premises in April 2017. In these cases, and where the Council meets Central Government guidelines, grants are available under section 31 of the Local Government Act 2003.
- 1.4 Whilst the Council is obliged to grant relief to premises which fall within the mandatory category, the Council also has powers to grant discretionary relief and reductions to ratepayers, subject to certain criteria being met. In the case of the new reliefs, some guidance has been issued by Central Government outlining actions expected to be taken by local authorities. This policy includes Government guidance where appropriate but also looks to target discretionary relief in line with the Council's priorities.
- 1.5 This document outlines the following areas:
- Details of the criteria for receiving Discretionary Reliefs for all relevant areas;
  - The Council's policy for the granting of all types of Discretionary Reliefs;
  - Guidance on granting and administering the reliefs and awards;
  - Provisions for Subsidy Control; and
  - The Council's Scheme of Delegation.
- 1.6 Where organisations apply for relief they will be granted (or not granted) relief or reductions in line with the following policy.

## 2.0 Mandatory Relief - Legislative Background

### Charity Relief

- 2.1 The powers relating to the granting of mandatory<sup>1</sup> and discretionary relief are given to the Council under the Local Government Finance Act 1988<sup>2</sup>. Charities and Trustees for Charities are only liable to pay one fifth of the Non-Domestic Rates that would otherwise be payable where property is occupied and used wholly or mainly for charitable purposes. This amounts to mandatory relief of 80%. For the purposes of the Act, a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. The provision has been extended under the Local Government Act 2003 (effective from 1<sup>st</sup> April 2004) to registered Community Amateur Sports Clubs (CASCs). Full details of the mandatory provisions are given later within this policy.
- 2.2 In the case of charity shops, the premises must meet the criteria laid down by section 64 (10) of the Local Government Finance Act 1988 which states that the premises are to be treated as used for charitable purposes at any time it is wholly or mainly used for the sale of goods donated to the charity and the proceeds of goods (after any deductions for expenses) are applied for the purpose of the charity. This Council defines 'wholly or mainly' in this context meaning that 80% of the property must be used for the sale of goods.
- 2.3 The Council has discretion to grant relief of up to a further 20% for these mandatory cases under its discretionary provisions.

### Rural Rate Relief

- 2.4 From 1<sup>st</sup> April 1998, under powers originally granted to the Council by the Local Government and Rating Act 1997<sup>3</sup>, certain types of business in rural settlements, with a population below 3000 may qualify for mandatory rate relief of 50 per cent. Businesses that qualify for this relief are the sole general store and the sole post office in the settlement, provided it has a Rateable Value of up to £8500; any food shop with a Rateable Value of up to £8500; and the sole pub and the sole petrol station in the settlement provided it has a Rateable Value of up to £12500.
- 2.5 From 1<sup>st</sup> April 2017, Central Government wants all authorities to give 100% relief to premises that receive mandatory rural rate relief. Where the additional 50% is granted, a section 31 grant will be made available to the Council. This is dealt with further within this policy and the Council will automatically grant the additional 50% discretionary relief where appropriate
- 2.6 Where businesses in rural settlements have a Rateable Value of up to £16,500 **and** are not in receipt of mandatory relief, the Council may decide to give up to 100 per cent discretionary relief if it is satisfied that the business is of benefit to the community and having regard to the interests of its Council Taxpayers.

<sup>1</sup> S43 & S45 Local Government Finance Act 1988

<sup>2</sup> S47 & S48 Local Government Finance Act 1988

<sup>3</sup> LGFA 1997, s.43, as amended by Sch. 1 to the Local Government and Rating Act 1997

## Small Business Rate Relief

2.7 This is a scheme to help small businesses get up to 100% off their bill<sup>4</sup>.

Qualifying businesses with a property with a rateable value of £12,000 and below receive 100% relief

Qualifying businesses with a property with a rateable value between £12,001 and £15,000 receive relief on a sliding scale

This relief is only available on one main property to rate payers who apply to their local authority and who occupy either –

- (a) one property with a rateable value less than £15,000
- (b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed £2,899 and the total value of all properties does not exceed £19,999

The additional properties cannot qualify for this relief.

If a property has a rateable value below £51,000 the bill will be calculated using the small business multiplier (49.9p 2022/23) as opposed to the standard multiplier (51.2p 2022/23)

## 3.0 Discretionary Relief – Legislative Background

### Introduction

- 3.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to 'top' up cases where ratepayers already receive mandatory relief.
- 3.2 Over recent years and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide more assistance to businesses and organisations.
- 3.3 The range of bodies, which are eligible for discretionary rate relief, is wide and not all of the criteria laid down by the legislation will be applicable in each case.
- 3.4 Unlike mandatory relief, ratepayers may be obliged to make on-line applications to the council for different types of discretionary relief. The Council will expect all businesses to make applications in such a format as is required (which may vary from time to time) and for the business to provide such information and evidence as required in order to determine whether relief should be awarded.
- 3.5 The Council is obliged to consider carefully every application on its merits, taking into account the contribution that the organisation makes to the amenities within the authority's area. There is no statutory appeal process or Tribunal against any decision made by the Council in respect of discretionary relief although, as with any decision of a public authority, decisions can be reviewed by Judicial Review.
- 3.6 Granting of the relief falls broadly into the following categories:

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<sup>4</sup> s.43 Local Government Finance Act 1988 and Non-Domestic Rating (Reliefs, Thresholds and Amendment) (England) Order 2017

- a. Discretionary Relief – Charities who already receive mandatory relief.
- b. Discretionary Relief – Premises occupied by organisations not established or conducted for profit whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts or premises occupied by organisations not established or conducted for profit and wholly or mainly used for purposes recreation;
- c. Discretionary Relief – Rural Rate relief - premises that already receive mandatory relief;
- d. Discretionary Relief – Rural Rate relief - premises not receiving mandatory relief but of benefit to the local community and less than £16,500 RV;
- e. Discretionary Relief – Granted under the Localism Act 2011 provisions;
- f. Local Newspaper Relief (from 1<sup>st</sup> April 2017 for a period of two years);
- g. Local Public House Relief (from April 2017 for a two year period);
- h. Supporting Small Businesses Relief (from 1<sup>st</sup> April 2017 for a period of five years or until business pay their full rate charge or their transitional rate charge (calculated in accordance with the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016)); extended to 31 March 2023
- i. Discretionary Business Rates Relief Scheme (from 1<sup>st</sup> April 2017 for a period of up to four years)
- j. Retail Rate relief for retail properties that have a rateable value below £51,000 from 1<sup>st</sup> April 2019 for a period of two years and Extended Retail Rate relief from 1 April 2020
- k. Hardship relief granted under the provisions of S49 Local Government Finance Act 1988.
- l. Transitional Relief for the period 1 April 2022 to 31 March 2023
- m. Covid 19 Additional Relief Fund (CARF) 2021-2022
- n. Heat Network Relief

3.7 The decision to grant or not to grant discretionary relief is a matter purely for the Council.

## The Council's general approach to granting Discretionary Relief

- 3.8 In deciding which organisations should receive discretionary rate relief, the Council has considered the following factors and priorities:
- a. The awarding of relief will be in line with the Council's vision and values. Details can be found at <https://www.newcastle.gov.uk/your-council-and-democracy/policies-plans-and-performance/our-policies-and-plans/council-plan/vision-values-and-priorities>
  - b. That any award should support business, charities, organisations and groups that help to retain services in the Council's area and not compete directly with existing businesses in an unfair manner;
  - c. It should help and encourage business, charities, organisations, groups and communities to become self-reliant;
  - d. Awarding discretionary relief should not distort competition or significantly change the provision of services within the Council's area;
  - e. Local organisations will be given priority over national organisations. Where requested, the organisation will need to supply the Council with clear evidence of **all** financial affairs (normally two full years) including, and most importantly, the amounts of monies raised, used and invested locally. This will be essential where the organisation is national in nature;
  - f. To enable appropriate organisations to start, develop or continue their activities, which deliver outcomes to the community and that also relate to the priorities of the Council, which without granting discretionary relief they would be unable to do;
  - g. To assist the Council in delivering services which could not be provided otherwise;
  - h. To enable the Council to determine the level of rate change in comparison with the organisation's financial situation; and

- i. To ensure that the financial impact of awarding discretionary business rate relief is justified in terms of the local outcomes achieved by the organisation receiving it;

3.9 Where any reduction or remission is granted to a ratepayer under S49 Local Government Finance Act 1988 where hardship is proven to the Council, then there will be no requirement to grant Discretionary Rate Relief for that amount.

3.10 In certain cases, the order in which relief is granted is specified. Mandatory relief shall be granted in all cases where the criteria is met irrespective of whether discretionary relief can be granted or not.

## The Council's approach to granting Government led Discretionary Relief schemes

3.11 Over the past few years, a number of schemes have been led by Central Government but without specific legislative changes. These are administered under S47 of the Local Government Finance Act 1988 and guidance is often provided. The Council is keen to support such initiatives especially where they are designed to help local businesses and will look to maximise both the reliefs given as well as maximise any grants receivable. However, the Council reserves the right to vary its approach where thought appropriate.

## 4.0 Effect on the Council's Finances

4.1 The granting of discretionary relief will, in the main, involve a cost to the Council. Since the change to the funding for Non-Domestic Rating in April 2013, the effect of the relief is complex.

4.2 Any amounts granted prior to 1<sup>st</sup> April 2013 and continuing since that date will be included in the Council's baseline within the Business Rates Retention Scheme. For any amounts granted for similar cases between 1<sup>st</sup> April 2013 to 31 March 2019, the costs of the relief were borne in accordance with the Business Rates Retention Scheme share namely 50% borne by Central Government, 49% by the Council and 1% by the Tyne & Wear Fire & Rescue Service. (With the exception of 2019-2020 when 25% was borne by Central Government, 74% by the Council and 1% by the Tyne & Wear Fire & Rescue Service).

This also applies where mandatory relief is granted.

4.3 Where Central Government leads an initiative, grants are often available through section 31 of the Local Government Act 2003. This is not automatic and Central Government will look to the Council to adopt the recommended approach when granting in these areas

4.4 The financial effects of discretionary reliefs covered by this policy are as follows:

Appendix	Relief Type	Granted after 1 <sup>st</sup> April 2019
	<b>Charity Relief</b>	
A	Discretionary relief granted to Mandatory Relief recipients	49% borne by the Council
B	Non-profit Making Organisations including Sports Clubs and societies	49% borne by the Council
	<b>Rural Rate Relief</b>	
C	50% Discretionary relief granted to Mandatory Rural Relief recipients	Section 31 Grant



Appendix	Relief Type	Granted after 1 <sup>st</sup> April 2019
D	Other premises within a rural settlement under £16,500 RV	49% borne by the Council
	<b>Localism</b>	
E	Discretionary Relief granted to ratepayers generally and not covered by any other section	49% borne by the Council
	<b>Local Newspaper Relief</b>	
F	Discretionary Relief granted to local newspapers meeting the criteria (From 1 <sup>st</sup> April 2017 for a period of two years)	Section 31 Grant
	<b>Supporting Small Business Relief</b>	
G	Supporting Small Businesses Relief (from 1 <sup>st</sup> April 2017. Extended from period of five years for a further year 1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023 if conditions are met	Section 31 Grant
	<b>Public House Relief</b>	
H	Discretionary Relief granted to public houses meeting the criteria (From 1 <sup>st</sup> April 2017 for a period of one year)	Section 31 Grant
	<b>Discretionary Business Rates Relief Scheme</b>	
I	Discretionary Business Rates Relief Scheme (from 1 <sup>st</sup> April 2017 for a period of up to four years)	Section 31 Grant up to a maximum level set by Central Government. Once the maximum has been reached any additional amount is borne 74% by the Council
	<b>Retail Rate Relief</b>	
J	In 2022/23 properties which satisfy the eligibility criteria for Expanded Retail Discount (Retail Hospitality and Leisure) will be awarded 50% from 1 April 2022 to 31 March 2023. This relief is capped at £110,000 per business	Section 31 Grant
	<b>S49 Hardship Relief</b>	
K	Partial or full relief for cases of hardship where it would be reasonable to do so having due regard to the interests of council tax payers	49% borne by the Council
	<b>Transitional Relief</b>	
L	Extension of Transitional Relief Scheme for one year until 31 March 2023	49% borne by the Council
	<b>Covid-19 Additional Relief Fund (CARF)</b>	
M	Relief fund for the period 2021-2022	Section 31 Grant
	<b>Heat Network Relief</b>	
N	Relief provided to heat networks where the eligibility criteria is met	Section 31 Grant until 31 March 2023

## 5.0 Discretionary Relief – Subsidy Control (formerly State Aid)

- 5.1 Providing discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided will need to comply with the UK's domestic and international control obligations.
- 5.2 Rate relief for charities and non-profit making bodies is not generally considered to be a subsidy because the recipients are not in market competition with other businesses. However, where other bodies receive relief and are engaged in commercial activities or if they are displacing an economic operator or if they have a commercial partner, rate relief can be considered to be a subsidy, however in the majority of cases it will be permitted under the Small Amounts of Financial Assistance Allowance.
- 5.3 To the extent that a local authority is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the UK-EU Trade and Cooperation Agreement (TCA) allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9 December 2021) in a three-year period (consisting of the current financial year and the two ,,,previous financial years). To administer a subsidy under the Small Amounts of Financial Assistance Allowance it is necessary for the Local Authority to establish that the award of subsidy will not result in the economic actor having received more than £343,000 of subsidy under the Small Amounts of Financial Assistance Allowance.
- 5.4 Where the Small Amounts of Financial Assistance Allowance has been reached, additional relief may be awarded in compliance with the principles set out in Article 366 of the TCA and in compliance with Article 364.3 of the TCA.
- 5.5 In all cases, where discretionary relief is to be granted or where liability is to be reduced, when making an application, ratepayers will be required to provide the Council with sufficient information to determine whether these provisions are applicable in their case.

## 6.0 Administration of Discretionary Relief

- 6.1 The following section outlines the procedures followed by officers in granting, amending or cancelling discretionary relief and reduction. This is essentially laid down by legislation<sup>5</sup>

### Applications and Evidence

- 6.2 All reliefs not awarded automatically by the council must be applied for. Application forms are produced by the Council both in hard copy and electronic format. The relevant application forms available on-line using the following address:  
<https://newcastleccas.firmstep.com/popup.aspx/RenderForm/?F.Name=bJvyVhW6dvf>  
The Council will specify how applications are to be received and this may vary from time to time.
- 6.3 Organisations are required to provide a completed application form plus any such evidence, documents, accounts (normally the last two years), financial statements etc. necessary to allow the Council to make a decision. Where insufficient information is provided, then no relief will be granted. In some cases, it may be necessary for officers to visit premises and we would expect organisations claiming relief to facilitate this where necessary.
- 6.4 Applications should initially be made to the Revenues, Benefits and Exchequer Service Manager and will be determined in accordance with Section 7 of this policy.
- 6.5 **The Council will provide this service and provide guidance free of charge. Ratepayers are encouraged to approach the Council direct and NOT pay for such services through third parties.**

### Granting of relief

- 6.6 In all cases, the Council will notify the ratepayer of decisions made.
- 6.7 Where an application is successful, then the following will be notified to them in writing:
- The amount of relief granted and the date from which it has been granted;
  - If relief has been granted for a specified period, the date on which it will end. (It should be noted that reliefs are granted for the period specified in the appropriate Appendix and may vary from a day to a full financial year);
  - The new chargeable amount;
  - The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
  - A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.
- 6.8 Where relief is not granted then notification of the decision will be given in writing, which will include an explanation of the decisions within the context of the Council's statutory duty.
- 6.9 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made or when liability begins whichever is the later. Since 1997 decisions can be made up to 6

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<sup>5</sup> The Non-Domestic Rating (Discretionary Relief) Regulations 1989

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months after the end of the financial year for which the application was made. In such cases, the Council *may* backdate its decision.

- 6.10 A decision to award discretionary relief and how much relief is given is normally only applicable to the financial year for which the application is made. However, the Council reserves the right to grant relief for any other period as appropriate.
- 6.11 A fresh application for discretionary relief will be necessary for each financial year **or** at such time-period as the Council determines.

### **Variation of a decision**

- 6.12 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:
- Where the total chargeable amount is to be increased due to a change in rate charge or a change in the Council's decision which increases the award – this will apply from a date determined by the Council as appropriate;
  - Where the total chargeable amount is to increase for any other reason, it will take effect at the expiry of a financial year and so that at least one year's notice is given;
  - Where the total chargeable amount is to be reduced due to a reduction in the rate charge or liability including any reduction in rateable value, awarding of another relief or exemption this will apply from the date of the decrease in rate charge; and
  - Where the total chargeable amount is to be reduced for any other reason, it will take effect from a date determined by the Council as appropriate;
- 6.13 A decision may be revoked at any time however; a one year period of notice will be given and the change will take effect at the expiry of a financial year.

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## 7.0 Scheme of Delegation

### Granting, Varying, Reviewing and Revocation of Relief

- 7.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011. However section 101 of the Local Government Act 1972 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees or Officers.
- 7.2 The Council's scheme of delegation allows for the Revenues, Benefits & Exchequer Services Manager to award, revise or revoke any discretionary relief applications for properties that have a rateable value less than £17,999. Any application which concerns properties that have a rateable value over £17,999 or over will be considered by the Discretionary Rate Relief Committee.
- 7.3 There is no right of appeal.

### Reviews

- 7.4 The policy for granting relief will be reviewed where there is a substantial change to the legislation or funding rules.

## **8.0 Reporting changes in circumstances**

- 8.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief, to be reported as soon as possible. This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises comes unoccupied or is used for a purpose other than that determined by the Council as eligible for relief.
- 8.2 Where a change of circumstances is reported, the relief will, if appropriate, be revised or cancelled as appropriate. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

## **9.0 Fraud**

- 9.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

## Appendix A

### Discretionary Relief – Mandatory Relief recipients

#### General Explanation

- A.1 S43 of the Local Government Finance Act 1988 allows mandatory relief (80%) to be granted on premises if the ratepayer is a charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes. Within this context wholly or mainly means 80% of the property is used for charitable activities. No charge is made in respect of unoccupied premises where it appears that *when next in use* it will be used wholly or mainly for those purposes.
- A.2 The legislation has been amended by the Local Government Act 2003 (effective from 1<sup>st</sup> April 2004) to include registered<sup>6</sup> Community Amateur Sports Clubs (CASC). These organisations can now receive the mandatory (80%) relief.

#### Charity registration

- A.3 Charities are defined within the legislation as being an institution<sup>7</sup> or other organisation established for charitable purposes only or by persons administering a trust established for charitable purposes only.
- A.4 The question as to whether an organisation is a charity may be resolved in the majority of cases by reference to the register of charities maintained by the Charity Commissioners under s.4 of the Charities Act 1960. Entry in the register is conclusive evidence. By definition, under the Non-Domestic Rating legislation, there is no actual need for an organisation to be a registered charity to receive the relief and this has been supported by litigation<sup>8</sup>, however in all cases the organisation must fall within the following categories:
- trusts for the relief of poverty;
  - trusts for the advancement of religion;
  - trusts for the advancement of education; and
  - trusts for other purposes beneficial to the community, but not falling under any of the preceding heads.
- A.5 Certain organisations are exempted from registration generally and are not required to make formal application to the Charity Commissioners these are:
- the Church Commissioners and any institution administered by them;
  - any registered society within the meaning of the Friendly Societies Acts of 1896 to 1974;
  - units of the Boy Scouts Association or the Girl Guides Association; and
  - voluntary schools within the meaning of the Education Acts of 1944 to 1980.
- A.6 The Council will consider charitable organisations, registered or not, for mandatory relief.

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<sup>6</sup> Registered with HMRC as a CASC

<sup>7</sup> S67(10) Local Government Finance Act 1988

<sup>8</sup> Income Tax Special Commissioners v Pemsell (1891)

## Use of Premises – wholly or mainly used

- A.7 Irrespective of whether an organisation is registered as a charity or not, the premises **must** be wholly or mainly used for charitable purposes. In most cases this can be readily seen by inspection, but on occasions the Council has had to question the actual use to which the premises are to be put. In some cases, it will be necessary for the Council request supporting evidence regarding charitable events such as advertising, participation, funds raised and so on.
- A.8 The council defines wholly or mainly in this context as meaning that 80% of the property must be used for charitable purposes whether of that charity or of that and other charities.
- A.9 The following part of this section gives details on typical uses where relief may be given plus additional criteria that have to be satisfied. The list is not exhaustive but gives clear guidance on premises for which mandatory relief can be granted *and therefore* premises which may be equally considered for discretionary rate relief.

## Offices, administration and similar premises

- A.10 Premises used for administration of the Charity include:
- Offices;
  - Meeting Rooms; and
  - Conference Rooms.

## Charity shops

- A.11 Charity shops are required to meet additional legislative criteria if they are to receive mandatory relief. Section 64 (10) of the Local Government Finance Act 1988 provides that a property is to be treated as being wholly or mainly used for charitable purposes at any time if, at the time, it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods (after any deduction of expenses) are applied for the purposes of the charity. This Council defines 'wholly or mainly' in this context as using 80% of the property for the sale of goods.
- A.12 In order to ascertain whether an organisation meets these requirements, inspections may be made by an officer of the Council when an application is received

## Granting of Mandatory Relief - the Council's Policy

- A.13 Where the criteria for awarding mandatory relief are met, the rate charges shall be calculated in accordance with the legislation reducing the liability of ratepayers for each day that the criteria are met.



## The Council's Policy for granting discretionary relief to Mandatory Relief recipients.

- A.14 Registered charities and not for profit organisations will be expected to fund the remaining 20% of business rates that is not covered within the mandatory element. The Council will only consider applications for a discretionary rate relief top up from charities in exceptional circumstances.
- A.15 In determining the application, the following matters will be taken in to consideration:
1. How the charity supports and links into the Council's corporate vision, values and priorities;
  2. The purpose of the charity and the specific activity carried out within the premises for which the relief is requested; and
  3. Whether the charity operates at a local or national level and where appropriate, the local and national funding streams and financial position of the charity.
- A16 The Council is keen to support businesses that have a critical role to play in the local economy and to assist the Council in meeting the corporate aims and values
- A.17 In the case of registered Community Amateur Sports Clubs, the key criteria in determining the application will be:
1. The ratepayer occupies the whole hereditament;
  2. Relief cannot be granted in respect of premises that are occupied by the Council or precepting authority;
  3. How the CASC supports and links into the Council's corporate vision, values and priorities;
  4. The membership and fee structure, and whether the CASC is accessible to all residents, including whether there are concessions for certain groups, for example people on a low income or young people under 18;
  5. Membership numbers and the number and percentage of these members that are local residents;
  6. If the CASC has due regard to equality issues and if it actively encourages members from under-represented groups, for example black and minority ethnic residents, people over 50 and people with disabilities;
  7. Whether facilities are available to the wider community regardless of ability; and
  8. If the CASC runs a bar or food provision: the level of income from this activity and how this money is used; and whether the CASC operates at a local or national level and where appropriate, the local and national funding streams and financial position of the CASC.
- A.18 The Council wishes to support and enable appropriate businesses to start, develop and continue with their operations that deliver outcomes directly related to the Council's aims and vision. In the main, this will be done through other means rather than granting discretionary relief. There may be occasions where applications are made for such relief or where a package of measures, including discretionary relief, are appropriate in supporting businesses. This would need to be in accordance with any limitations in respect of subsidy control.

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## Appendix B

### Discretionary Relief – Non-Profit Making Organisations including Recreation

#### General explanation

##### Non-Profit

- B.1 The legislation<sup>9</sup> allows the Council to grant discretionary relief where the property is not an *excepted* one and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.
- B.2 Relief cannot be granted to any premises occupied by the Council, or any town, parish council or major Precepting Authority (*excepted premises*).
- B.3 A number of issues arise from the term 'not established or conducted for profit'. This requires the Council to make enquiries as to the overall purpose of the organisation although if surpluses and such amounts are directed towards the furtherance or achievement of the objects of the organisation then it does not necessarily mean that the organisation was established or conducted for profit.

##### Recreation Clubs

- B.4 Ideally all recreation clubs should be encouraged to apply for Community Amateur sports Club (CASC) status, which would automatically entitle them to 80% relief. The relief granted to CASCs is covered earlier within this policy.
- B.5 Recreation clubs can also apply to the Charity Commissioners for registration as a Charity (thereby falling under the mandatory provisions for 80% relief) where they meet the following conditions:
- a. The promotion of community participation in healthy recreation and by the provision of facilities for the playing of particular sports; and
  - b. The advancement of the physical education of young people not undergoing formal education.

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<sup>9</sup> S47 Local Government Finance Act 1988

## Definition of Recreation

B.7 Recreation is clearly defined by the Sports Council as any of the following<sup>10</sup>

Aikido	Croquet	Kabaddi	Real Tennis	Tang Soo Do
American Football	Crossbow	Karate	Roller Hockey	Tenpin
Angling	Curling	Kendo	Roller Skating	Bowling
Archery	Cycling	Korfball	Rounders	Trampolining
Arm Wrestling	Disability Sport	Lacrosse	Rowing	Triathlon
Association Football	Dragon Boat Racing	Lawn Tennis	Rugby League	Tug of War
Athletics	Equestrian	Life Saving	Rugby Union	Unihoc
Australian Rules Football	Fencing	Luge	Sailing	Volleyball
Badminton	Fives	Modern Pentathlon	Sand/Land Yachting	Water Skiing
Ballooning	Flying	Motor Cycling	Shinty	Weightlifting
Baseball	Gaelic Football	Motor Sports	Shooting	Wrestling
Basketball	Gliding	Mountaineering	Skateboarding	Yoga
Baton Twirling	Golf	Movement, Dance, Exercise & Fitness	Skiing	
Biathlon	Gymnastics	Netball	Skipping	
Bicycle Polo	Handball	Orienteering	Snowboarding	
Billiards and Snooker	Hang/Para Gliding	Parachuting	Softball	
Bobsleigh	Highland Games	Petanque	Sombo Wrestling	
Boccia	Hockey	Polo	Squash	
Bowls	Horse Racing	Pony Trekking	Skater/Street Hockey	
Boxing	Hovering	Pool	Sub-Aqua	
Camogie	Hurling	Quoits	Surf Life Saving	
Canoeing	Ice Hockey	Racketball	Surfing	
Caving	Ice Skating	Rackets	Swimming & Diving	
Chinese Martial Arts	Jet Skiing	Raquetball	Table Tennis	
Cricket	Ju Jitsu	Rambling	Taekwondo	
	Judo			

## Access to clubs

- B.8 Guidance issued by the DCLG also requires the Council to consider access to clubs within the community before granting discretionary relief.
- B.9 Membership should be open to all sections of the community. There may be legitimate restrictions placed on membership which relate for example to ability in sport or to the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited, but in general membership should not be exclusive or restrictive.
- B.10 Membership rates should not be set at such a high level as to exclude the general community. However, membership fees may be payable at different rates that distinguish the different classes of membership such as juniors, adults, students, pensioners, players, non-players, employed and unemployed. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.

<sup>10</sup> Definition last reviewed by Sport England in 2002

- B.11 The Council also asks the following question to help establish the level of access 'Does the organisation actively encourage membership from particular groups in the community e.g. young people, women, older age groups, persons with disability, ethnic minorities' etc.?'

### **Provision of facilities**

- B.12 Clubs which provide training or education are encouraged, as are those who provide schemes for particular groups to develop their skills e.g. young people, the disabled, retired people.
- B.13 A number of organisations run a bar. The mere existence of a bar will not in itself be a reason for not granting relief. However, the Council focuses on the main purpose of the organisation. The Council is encouraged to examine the balance between playing and non-playing members.
- B.14 Within this area, the Council also considers whether the facilities provided relieve the Council of the need to do so, or enhance and supplement those that it does provide.

### **Discretionary Relief - Non-Profit Organisations including Recreation – the Council's Policy**

- B.15 The Council will consider applications for discretionary rate relief from non-profit making organisations on their own merits on a case-by-case basis. In determining the application, the following matters will be taken in to consideration (The list is not exhaustive):
- How the organisation supports and links into the Council's corporate vision and priorities;
  - Whether the facilities provided include education and/or training for members as a whole or for special groups;
  - The extent to which the facilities provided reduce the demand for Council services or produce savings;
  - Any membership and fee structure and whether the facilities are accessible to all residents, including whether there are concessions for certain groups, for example people on a low income or young people under 18;
  - If covered by a membership scheme, membership numbers and the number and percentage of these members that are local residents;
  - If the organisation has due regard to equality issues and if its facilities are used by all members of the community, for example black and minority ethnic residents, people over 50 and people with disabilities.
- B.16 The Council will also require additional financial information including:
- If the organisation runs a bar or food provision, the level of income from this activity and how this money is used.; and
  - Whether the organisation operates at a local or national level and where appropriate, the local and national funding streams and financial position of the organisation.

## Appendix C

### Discretionary Relief - Rural Rate Relief – Mandatory Relief recipients

#### What are the qualifying criteria for Mandatory Relief?

- C.1 For a Post Office or General Store to be entitled to 50% Mandatory Relief, all the following criteria must be met:
- The Rateable Value of the property must not exceed £8,500 (from 1 April 2010);
  - The property must be used as a Post Office or a General Store (see below for definition), or both;
  - The property must be the only Post Office or the only General Store within the Rural Settlement.
- C.2 For a Public House or Petrol Filling Station to be entitled to 50% Mandatory Relief, all the following criteria must be met:
- The Rateable Value of the property must not exceed £12,500 from 1 April 2010);
  - The property must be used as a Public House (see below for definition) or a Petrol Filling Station (see below for definition); and
  - The property must be the only Public House or the only Petrol Filling Station within the Rural Settlement.
- C.3 For a village food shop to be entitled to 50% Mandatory Relief, all the following criteria must be met:
- The Rateable Value of the property must not exceed £8,500 from 1 April 2010); and
  - The property must be used as a shop selling mainly food (see below for definition).

#### What rural settlements exist within the Newcastle City Council area?

- C.4 The following are deemed to be rural settlements within the City Council's area:
- Dinnington; and
  - Brunswick.

#### What is the definition of a General Store?

- C.5 For the purposes of Rural Rate Relief, 'General Store' means a business or trade, which wholly or mainly sells by retail both food (other than confectionery) for human consumption and general household goods. Where there are two or more General Stores within the same Rural Settlement, none can qualify for Mandatory Relief on that basis, although if one of them functions as a Post Office or a Food Shop relief may be claimed independently on that ground. However, both a General Store and a Post Office in the same Rural Settlement will qualify for Mandatory Relief, provided that, they both meet the criteria. Although a General Store or a Post Office may not meet the criteria for Mandatory Relief, they may still be eligible to apply for Discretionary Relief.

#### What is the definition of a Public House?

- C.6 For the purposes of Rural Rate Relief, 'Public House' means any premises as defined in the Licensing Act 2003, which has a premises license authorising sale by retail of alcohol for consumption on the premises. In addition, the premises must be used principally for retail sales of alcohol to members of the public for consumption on the premises, and sales must not be subject to the condition that buyers reside at or consume food on the premises.

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### **What is the definition of a Petrol Filling Station?**

- C.7 For the purposes of Rural Rate Relief, 'Petrol Filling Station' means premises where petrol or other automotive fuels are sold retail to the general public for fuelling motor vehicles intended or adapted for use on roads

### **What is the definition of a Food Shop?**

- C.8 For the purpose of Rural Rate Relief, 'Food Shop' means a trade or business consisting wholly or mainly of the sale by retail of food for human consumption (excluding confectionery and catering – in this context catering means any supply of food for consumption on the premises on which it is supplied and any supply of hot food for consumption off the premises). This definition may also include shops, which sell mainly household foods and which may partly also sell hot take away food or food consumed on the premises. But shops whose main business is a restaurant, tearoom, take-away, or confectionery sales are not food shops and so will not qualify for mandatory relief.

### **What are the qualifying criteria for Discretionary Relief?**

- C.9 The Council may grant up to 50% Discretionary Relief in respect of any property which qualifies for 50% Mandatory Relief and the Council may also grant up to 100% Discretionary Relief to any rural business which does not meet the mandatory provisions. It should be noted that for 2017 onwards Central Government has requested that Council grant 50% discretionary relief to all ratepayers who receive 50% mandatory rural rate relief.

### **Rural Rate Relief – Mandatory Relief recipients, the Council's Policy for granting discretionary relief.**

- C.10 As Central Government has requested and fully funds any additional relief granted to ratepayers who receive mandatory rural rate relief, the Council will automatically grant the additional 50% until such time as primary legislation is changed.

## Appendix D

### Discretionary Relief – Premises within Rural Settlements

#### Discretionary Relief – Premises within Rural Settlements

- D.1 In addition to having the ability to grant discretionary relief to those in receipt of mandatory relief, the Local Government and Rating Act 1997 allows discretionary relief of up to 100% to be granted where the rateable value is £16500 or less and:
- a. Property is used for purposes which are of benefit to the local community; and
  - b. It would be reasonable for the billing authority to award relief, having regards to the Council's Council Taxpayers.
- D.2 As with most discretionary relief, part of the cost, is met by Central Government and the balance from local sources.
- D.3 The main criteria for granting discretionary relief in respect of rural rate relief is that premises are used to benefit the local community.

#### Benefit to the local community

- D.4 Whilst each application for the relief will be considered on its own merits, there are certain factors which weigh heavily in the decision-making process. It is this Council's belief that the spirit of the legislation is to assist businesses and amenities, which contribute significantly to the quality of life of the people who have their main home in the Rural Settlement.
- D.5 To be successful for consideration, a business must show that its existence is a significant benefit to the local community with the majority of local residents directly benefiting from services or facilities provided by that business

#### Rural Rate Relief – the Council's Policy for granting discretionary relief.

- D.6 The Council will also consider applications for a discretionary rural rate relief from all ratepayers, not entitled to mandatory relief up to a maximum of 100%.
- D.7 In determining the application the following matters will be taken in to consideration:
- The granting of any discretionary relief will be essential in ensuring the viability of any business within the rural settlement;
  - The granting of any discretionary relief is proportionate given the level of any business rates charged compared with the overall turnover of the business;
  - The granting of any discretionary relief will assist the business in continuing to be viable and / or prevent the business from failing;
  - The business is considered by the Council to be essential to the community and that any reduction or withdrawal of the business will have a serious detrimental effect on the rural settlement;
  - The granting of any discretionary relief is reasonable having regard to the effect on taxpayers of the Council;

## Appendix E

### Discretionary Relief – Localism Act 2011

#### General explanation

- E.1 Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988. These provisions allow all Councils to grant discretionary relief in **any** circumstances where it feels fit having regards to the effect on the Council Tax payers of its area.
- E.2 The provisions are designed to give authorities flexibility in granting relief where it is felt that to do so would be of benefit generally to the area and be reasonable given the financial effect to Council Tax payers.

#### Discretionary Relief – Localism – the Council’s Policy

- E.3 Applications will be considered from any ratepayer who wishes to apply. However, where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then relief can be granted under the existing provisions as laid down by **Section 49 of the Local Government Finance Act 1988**. There will be no requirement to grant relief in such cases under the Council’s discretionary relief policy.
- E.4 Any ratepayer applying for discretionary rate relief under these provisions and who does not meet the criteria for existing relief (charities, non-profit making organisations etc.) must meet **all** of the following criteria and the amount of relief granted will be dependent on the following key factors:
- a. The ratepayer **must not** be entitled to mandatory rate relief (Charity or Rural Rate Relief);
  - b. The ratepayer **must not** be entitled to Central Government funded reliefs;
  - c. The ratepayer **must not** be an organisation that could receive relief as a non-profit making organisation or as a sports club or similar;
  - d. The ratepayer **must** occupy the premises (no discretionary rate relief will be granted for unoccupied premises);
  - e. The premises and organisation **must** be of *significant* benefit to residents of the Council’s area;
  - f. The premises and organisation **must** relieve the Council of providing similar facilities;
  - g. The ratepayer **must**;
    - a. Provide facilities to certain priority groups such as elderly, disabled, minority groups, disadvantaged groups; **or**
    - b. Provide *significant* employment or employment opportunities to residents of the Council; **or**
    - c. Provide the residents of the area with such services, opportunities or facilities that cannot be obtained locally or are not provided locally by another organisation;
  - h. The ratepayer **must** demonstrate that assistance (provided by the discretionary rate relief) will be for a *short time only* **and** that any business / operation is financially viable in the medium and long term; **and**
  - i. The ratepayer **must** show that the activities of the organisation are consistent with the Council’s core vision, values and priorities.
- E.5 Where a ratepayer can demonstrate that **all** of the above criteria are met, relief will be considered for initially a short period.
- E.6 A formal application from the ratepayer will be required in each case and any relief will be granted in line with Subsidy Control requirements as specified within section 5 of this policy.



## Appendix F

### Local Newspaper Relief

#### General Explanation

- F.1 This is a temporary relief for 2017-18, 2018-19 and 2019-20 and the Government is not changing the legislation around the reliefs available to these properties. Central Government will reimburse local authorities that use their discretionary relief powers (under section 47(3)) of the Local Government Finance Act 1988 to grant relief in line with the eligibility criteria set out in this guidance.
- F.2 The Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.

#### Eligibility criteria

- F.3 The scheme will provide a £1,500 relief for office space occupied by local newspapers up to a maximum of one discount per local newspaper title and per hereditament, for three years from 1 April 2017.

#### Local Newspapers

- F.4 The relief is to be specifically for local newspapers and by that, the Council means what would be considered a “traditional local newspaper.” The relief will not be available to magazines.

#### Office Space

- F.5 The hereditament **must** be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

#### Amount of Relief

- F.6 The amount of relief is limited to a maximum of one discount per newspaper title (e.g. per newspaper name) **AND** per hereditament. As with all discretionary rate relief, any grant will be subject to Subsidy Control or State Aid limits as defined within section 5 of this policy.

#### Local Newspaper Relief – the Council’s policy for granting discretionary relief.

- F.7 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

## Appendix G

### Supporting Small Businesses Relief

#### General Explanation

- G.1 Central Government has increased the thresholds for Small Business Rate Relief from 1 April 2017 to £12,000 for the 100% relief and £15,000 for the tapered relief. They have also allowed rural rate relief to be granted up to 100% using S47 of the Local Government Finance Act 1988 as a top up to the mandatory level of 50%, albeit that the rateable value limits have not been changes in respect of rural hereditaments (see section D of this policy). Unfortunately, despite these changes, some small businesses and businesses in rural areas lost their entitlement to the relief due to increases in Rateable Value through the revaluation on 1<sup>st</sup> April 2017.
- G.2 The transitional relief scheme (provided under the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265) does not provide support in respect of changes in reliefs. Therefore, those ratepayers lost some or all of their small business or rural rate relief faced large percentage increases in bills from 1 April 2017.
- G.3 In view of this, Central Government announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to the revaluation. All authorities are encouraged to grant the relief in accordance with the guidelines laid down by Central Government and if granted strictly in accordance with guidance, the Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.
- G.4 The relief is to be known as the 'Supporting Small Businesses Scheme'.
- G.5 This scheme was scheduled to finish on 31 March 2022 at the end of the 5-year revaluation cycle. As the next revaluation cycle has been delayed by Central Government the scheme has been extended for another year. It is now scheduled to end on 31 March 2023.

#### Who is eligible for the relief and how much relief will be available?

- G.6 The Supporting Small Businesses relief will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills.
- G.7 To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of these ratepayers is limited **to the greater of:**
- a. a percentage increase per annum of 5%, 7.5%, 10%, 15% and 15% from 2017/18 to 2021/22 all plus inflation. (Unlike the transitional relief scheme under the Chargeable Amount regulations), for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief; **or**
  - b. a cash value of £600 per year (£50 per month).
- G.8 This cash minimum increase ensures that those ratepayers paying nothing or very small amounts

in 2016/17 after small business rate relief are brought into paying something.

- G.9 In the first year of the scheme, this means all ratepayers losing some or all of their small business rate relief or rural rate relief will see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This means that ratepayers who in 2016/17 paid nothing under small business rate relief and are losing all of their entitlement to relief (i.e. moving from £6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.
- G.10 The Government has also decided that those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for the Supporting Small Businesses relief scheme.
- G.11 Ratepayers will remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme (this would be the charge payable as their true rates payable or the charge calculated under the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016).
- G.12 A change of ratepayer will not affect eligibility for the Supporting Small Businesses relief scheme **but** eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club that is eligible for mandatory charity relief.
- G.13 The rules for subsidy control (as detailed in section 5 of this policy) shall apply when considering Supporting Small Businesses Relief.

### Recalculation of relief

- G.14 The amount of relief awarded under the Supporting Small Businesses relief scheme will be recalculated in the event of a change of circumstances including the following:
- This could include, for example, a backdated change to the rateable value or the hereditament; or
  - The awarding of another relief.
- G.15 The Council will, in effect, calculate the award on a daily basis taking into account the above, and the relief will be re-calculated if the rateable value changes.

### Other Reliefs

- G.16 Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief. Likewise, the same principle applies to properties for which a Section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate will not further reduce the bill found under the Supporting Small Business scheme.
- G.17 In accordance with Central Government guidelines, all other discretionary reliefs, will be considered **after** the application of Supporting Small Businesses relief.

### Supporting Small Businesses Relief – the Council’s policy for granting discretionary relief.

- G.18 The Council has decided to grant relief strictly in accordance with Central Government guidelines

## Appendix H

### Public House Relief – Not extended in 2019/20

#### General Explanation

- H.1 This was a temporary relief for 2017-18 and the Government did not change the legislation around the reliefs available to premises. Central Government reimbursed local authorities that used their discretionary relief powers (under section 47(3)) of the Local Government Finance Act 1988) to grant £1000 relief in line with the eligibility criteria set out in guidance to be produced by Central Government
- H.2 Any amount granted was reimbursed by a section 31 grant.

#### Eligibility criteria

- H.3 The Council's policy, in line with Central Government requirements, provided a relief of £1,000 relief for one year only (1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018) for all eligible public houses who had a rateable value of less than £100,000 on 1<sup>st</sup> April 2017.
- H.4 The definition of a 'Public House' means any premises as defined in the Licensing Act 2003, which has a premises license authorising sale by retail of alcohol for consumption on the premises. In addition, the premises **must** be used principally for retail sales of alcohol to members of the public for consumption on the premises, and sales must not be subject to the condition that buyers reside at or consume food on the premises.
- H.5 It is for the Council to decide whether any premises falls within the definition given in the above paragraph. No relief shall be given where the premises are unoccupied. Any property that is defined by the Valuation Office Agency as 'CL' and 'Public House & premises' was eligible for this relief.

#### Other Reliefs

- H.4 Public House relief was granted after applying any other mandatory reliefs and reductions

#### Public House Relief – the Council's policy for granting discretionary relief.

- H.5 The Council decided to grant relief strictly in accordance with Central Government guidelines.

## Appendix I

### Discretionary Business Rates Relief Scheme - Ended

#### General Explanation

- I.1 In March 2017, Central Government announced that it would make available a discretionary fund of £300 million over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation. Government determined that Councils would be best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- I.2 Every authority within England is to be provided with a share of a £300 million fund to support their local businesses. This is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.
- I.3 Government also believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies.
- I.4 The funding is not provided equally over the four-year period but in the following approximate proportions:
- Year 1 (2017/18) 58%
- Year 2 (2018/19) 28%
- Year 3 (2019/20) 12%
- Year 4 (2020/21) 2%
- I.5 Councils will be compensated for any relief granted under section 31 of the Local Government Act 2003. The Government decided that any underspend cannot be 'vired' from one year to the next and that any underspend will be returned to Treasury<sup>11</sup>.
- I.6 A key criteria of reimbursement was that all Billing Authorities will consult with major precepting authorities when formulating their schemes.
- I.7 The financial effects to the Council of the Discretionary Business Rates Relief Scheme are shown in the following table

Amount of discretionary fund awarded (£000s) – Newcastle City Council			
2017-18	2018-19	2019-20	2020-21
668	324	134	19

<sup>11</sup> DCLG Letter 27<sup>th</sup> April 2017 – Discretionary Rates Relief Scheme – Payment of Section 31 grant to reimburse cost of relief

## Consultation

- I.8 The Council has consulted with the major preceptors in relation to this scheme and has taken their comments into account when determining the eligibility criteria.
- I.9 The grant determination encourages consultation with ‘relevant authorities’. Relevant authorities for the purposes of this scheme means:
- a. Any major precepting authority; and
  - b. Any combined authority.

## Subsidy Control (Previously State Aid)

- I.11 The rules relating to Subsidy Control (as defined within section 5 of this policy) apply. The Council will ensure full compliance in this area to ensure that relief can be given to the most deserving ratepayers.

## Decisions by the Council

- I.12 Decisions by the Council are made directly in line with the Scheme of Delegation as outlined within section 7 of this policy. Any decision to award relief under this scheme will follow the core principles of the Council’s discretionary relief policy as defined by section 3.8.
- I.13 It should be noted that whilst the funding from Central Government for Discretionary Business Rate Relief Scheme is limited, the decision of the Council whether to award any relief under this scheme **will not take account** of the level of any funding.

## Discretionary Business Rate Relief Scheme– the Council’s policy for granting discretionary relief.

### The application of relief under this scheme

- I.14 The Council will look to simplify the process wherever possible by automatically applying this relief to businesses that satisfy the qualifying criteria. It will encourage any ratepayers to apply for the relief if it appears that the relief has not been applied when the criteria has been met. It expects ratepayers to provide such information as is required by the Council to support their application.
- I.15 The Council has decided that relief under the scheme will be awarded using the following criteria:
- a. The scheme is designed to assist ratepayers who have suffered significant increases in rate liability due to the revaluation and the subsequent increase to their rateable value;
    - i. In assessing any potential entitlement to an award under this scheme, the Council will adopt the government’s existing transitional arrangements contained within The Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 and apply the additional relief where appropriate.
  - b. Relief will be awarded where the calculation in (I.15a) above will result in an increase of more than 7.5% for properties with a rateable value between £20,001 and £100,000 and more than 10% for properties with a rateable value between £100,001 and £200,000;
  - c. The capped increase will be adjusted for inflation based on the RPI at September 2016;

- d. Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted for unoccupied premises;
- e. Relief will only be granted to ratepayers who were in occupation at 31<sup>st</sup> March 2017 and in occupation on 1<sup>st</sup> April 2017 and for each day subsequently.
- f. Ratepayers taking up occupation after the 1<sup>st</sup> April 2017 will **not** be eligible for relief on the basis that new ratepayers would not have suffered from increases due to a revaluation;
- g. Relief will be targeted to local businesses and will be applied where only **one property in the UK** is occupied;
- h. Relief will **not** be awarded where:
  - i. mandatory relief is awarded; or
  - ii. properties are used for the provision or supply of education or medical services including all NHS facilities, doctors, dentists, osteopaths, chiropractors; or
  - iii. properties are used by government and public sector bodies such as law courts, fire stations; or
  - iv. properties are used for activities that are not considered to be in line with the council's vision, values and priorities; or
  - v. where the ratepayer has applied for a reduction under S44a of the Local Government Finance Act 1988; or
  - vi. the hereditament has an increase in Rateable Value after the 1<sup>st</sup> April 2017 which increases the rate charge above the 1<sup>st</sup> April 2017 value.

### Amount of Relief

- I.16 The amount of relief is tapered and will be calculated as follows:

**2017/18:** Award = Additional relief required to cap the increases calculated in (I.15a above)

**2018/19:** Award = 50% of the relief awarded in 2017/18

**2019/20:** Award = 50% of the relief awarded in 2018/19

**2020/21:** Award = 10% of the relief awarded in 2019/20

### Variation and amendment of relief under the scheme

- I.17 As with all reliefs, the amount of relief awarded under the Discretionary Businesses Rates relief scheme will be recalculated in the event of a change of circumstances. This will include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.
- I.18 The council reserves the right to vary the above capped increase to utilise all of the available government funding.
- I.19 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) requires the Council to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a

revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.



## Appendix J

### Retail Rate Relief and Retail Hospitality and Leisure Rate Relief

#### General Explanation

- J.1 Central Government announced in the Budget on 29 October 2018 that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount was one third of the bill, applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants were been applied. Where an authority applies a locally funded relief, for instance a hardship fund, under section 47 this is must be applied after the Retail Discount.
- J.2 In December 2019 Central Government announced that this relief would be increased to 50%. In March 2020, as a result of the Covid-19 pandemic the government expanded the range of businesses eligible for relief to include hospitality and leisure businesses, abolished the £51,000 cap and increased the rate of relief to 100%. The scheme became known as the Expanded Retail Discount (ERD) Scheme. For the financial year 2021/22 the government continued the scheme but changed the reliefs so that 100% relief was applied from 1 April 2021 to 30 June 2021 and 66% relief was applied from 1 July 2021 to 31 March 2022. The scheme has been extended for the financial year 2022/2023 with the level of relief for qualifying businesses set at 50%. As this is a temporary measure for 2022/2023 Central Government is not changing the legislation around the reliefs available to these properties. Instead the Government will, in line with the eligibility criteria set out in the government's guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. The government's guidance is available at: <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>.
- J.3 Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).
- J.4 The relief is to be known as the 'Retail Hospitality and Leisure Discount'

#### Who is eligible for the relief and how much relief will be available?

- J.5 Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used for the purposes listed below. There is a cash cap for 2022/2023 for £110,000 per business.
- J.6 To qualify for the relief the hereditament should be 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 and boarding premises and self-catering accommodation.

To qualify for the relief the property should be wholly or mainly be used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than

occupation. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

J.7 The list below sets out the types of uses that the government does not consider to be an eligible use for the purposes of this relief.

- i. Properties that are being used for the provision of the following services to visiting members of the public:
  - Financial services (e.g., banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
  - Medical services (e.g., vets, dentists, doctors, osteopaths, chiropractors)
  - Professional services (e.g., solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)
  - Post office sorting offices
- ii. Properties that are not reasonably accessible to visiting members of the public

### **Calculation of relief**

J.8 The total amount of government-funded relief available for each property for 2022-23 under this scheme is 50% of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants. Councils may use their discretionary powers to offer further discounts outside this scheme. However, where an authority applies a locally funded relief, sometimes referred to as a hardship fund, under section 49 this is must be applied after the Retail Discount.

J.9 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to the cap cash of £110,00 per business (for 2022/23) and to Subsidy Control Limits.

J.10 The rules for subsidy control (as set out in section 5) will apply to this relief

## Appendix K

### Section 49 – Hardship Relief

#### General explanation

- J.1 The Council is able to exercise its discretion under Section 49 of the Local Government Finance Act 1988 to provide either partial or full relief for non-domestic rate payments in cases of hardship where it would be reasonable to do so having due regard to the interests of council tax payers in general.

#### Section 49 Hardship Relief – the Council’s Policy

- J.2 The Council will consider applications for hardship relief from individuals and organisations based on their own merits on a case-by-case basis. The Revenues, Benefits & Exchequer Services Manager will consider applications. Application forms are available at the following link: [https://www.newcastle.gov.uk/sites/default/files/wwwfileroot/business/business\\_rates/remission\\_application\\_form\\_jun\\_2013.pdf](https://www.newcastle.gov.uk/sites/default/files/wwwfileroot/business/business_rates/remission_application_form_jun_2013.pdf)
- J.3 In making decisions on whether to award the relief the Council takes into account the following criteria (not listed in any priority):
- Any reduction or remission of rates on the grounds of hardship should be the exception rather than the rule;
  - Any reduction of the rates must be shown to be significant to the future viability of the business;
  - The business must continue to trade;
  - Cash flow forecasts for a minimum of the next twelve months must be provided together with a comprehensive Business Plan incorporating a brief history of the business;
  - The test of "hardship" is not strictly confined to financial hardship and that this, in itself, is not a deciding factor;
  - The loss of the business would reduce amenities of an area if it is the sole provider of a service in the area;
  - Details of any state aid or subsidy control, grants or subsidies either from central or local government over the previous three years;
  - The loss of the business would worsen the employment prospects in the area;
  - The interests of the Council Tax payers of the area would be best served by awarding the relief;
  - The business must demonstrate how it is beneficial to the local community and why it is currently suffering financial hardship;
  - The business provides employment to local residents in an area where employment opportunities are limited;
  - Independent advice given by banks or financial advisors should be sought to demonstrate the future viability of the business;
  - Applications will only be considered where signed by the ratepayer, or, where an organisation is the ratepayer, an appropriately authorised representative of the organisation; and
  - The ratepayer will provide additional information as deemed necessary by the Council to be essential in order for a fair evaluation of the application.

## Appendix L

### Transitional Relief Scheme

#### General Explanation

- L.1 The Transitional Relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the 2017 revaluation. The Transitional Relief Scheme was scheduled to finish on 31 March 2022 at the end of the 5-year revaluation cycle. As the next revaluation has been delayed by the government the scheme has been extended for another year. This is a temporary measure so Central Government will not change the primary legislation. It does not mean that the council has any discretion in who receives this relief or at what rate. It simply allows us to award the relief without a change in legislation.
- L.2 The transitional relief scheme will be applied in accordance with 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%
  - 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%

#### Who is eligible for the relief and how much relief will be available?

- L.3 Properties that will benefit from transitional relief will be those with a rateable value up to and including £100,000 who would have received transitional relief 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.

#### Calculation of Transitional Relief

- L.4 Transitional Relief will be automatically calculated after the qualifying businesses are identified. However, as the award of Transitional Relief is subject to Subsidy Control Limits (formerly State Aid as set out in section 5) businesses will be required to inform the council of details of other subsidies received where it appears that the subsidy limit may be breached.
- L.5 As with the current transitional relief scheme the amount of the relief awarded may be recalculated in the event of a change of circumstances.

## Appendix M

### Covid-19 Additional Relief Fund (CARF)

#### General Explanation

- M.1 In December 2021 Central Government announced additional funding for Covid-19 Additional Relief Fund (CARF) to support businesses in England adversely affected by Covid-19 restrictions; businesses that were unable to adequately adapt to the impact, that have not been eligible for existing support that is linked to business rates. The Council has been allocated £8,320,663 to reduce net chargeable amounts in respect of 2021/2022.
- M.2 As this is a temporary measure for 2021/2022 Central Government is not changing the legislation around the reliefs available to these properties. In line with the eligibility criteria set out in the government's guidance, Central Government will reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. The government's guidance is available at: [CARF Guidance.docx \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/guidance/carf-guidance)
- M.3 Central government will fully reimburse local authorities for the local share of the discretionary relief up to the maximum level of their allocations. (using a grant under section 31 of the Local Government Act 2003). Once the Council's full allocation has been awarded the relief fund will close.
- M.4 The relief is to be known as the 'Covid-19 Additional Relief Fund (CARF)' and all determinations by the Council must be made by 30 September 2022

#### Who is eligible for the relief and how much relief will be available?

- M.5 Ratepayers occupying hereditaments shown in the commercial rating list during the financial period 1 April 2021 to 31 March 2022, that were liable for business rates in 2021/2022, and not eligible for existing support related to business rates. The relief will be a percentage reduction in the net bill that was issued for 2021/2022. The minimum amount of relief for per business is £100 for 2021/2022 and the maximum amount of relief per business is £110,000 for 2021/22.
- M.6 Not all ratepayers will qualify for the relief. The list below sets out the types of uses that Central government does not consider to be eligible for this relief:
- iv. Ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS).
  - v. Unoccupied hereditaments other than those instructed by Central Government to close temporarily.

M.7 The list below sets out the types of uses that this Council does not consider to be eligible for this relief:

- i. Exempt properties
- ii. Any hereditament (such as ATMs) that are in the process of being removed from the commercial rating list
- iii. Insolvent companies, dormant companies, companies in administration, companies in receipt of a striking off notice or a proposal to strike-off, bankrupt ratepayers, IVA, CVA, Debt Relief Orders, Breathing Space Respite.
- iv. Government and council occupied hereditaments
- v. Police buildings
- vi. NHS buildings that are likely to breach subsidy limits
- vii. Educational facilities that are likely to breach subsidy limits

Businesses that engage in rate mitigation schemes (such as periodic intermittent occupation) will not be considered for this type of relief.

### Calculation of Relief

M.8 The total percentage of relief available for each eligible property for 2021-22 under this scheme will be determined by the rateable value of the property as detailed below:

size	Rateable value range	% relief applied to net charges
micro	0-12k	100%
small	over 12k up to 15k	75%
medium	over 15k up to 51k	50%
large	Over 51k	5%

M.9 The total percentage of relief will be calculated on the net charges after mandatory reliefs and other discretionary reliefs have been applied.

M.10 Ratepayers that pay business rates for more than one property will be entitled to relief for each of the eligible properties, subject to a minimum of £100 per business and a cap cash of £110,000 per business (for 2021/22) and to Subsidy Control Limits.

M.11 The rules for subsidy control (as set out in section 5) will apply to this relief

### Administration of Relief

M.12 The relief will be applied by direct award except where it appears as though an organisation may breach subsidy limits. These organisations will be invited to apply so the relief will be withheld until the applications are received and assessed.

### Reconsideration Process

M.13 The COVID-19 Additional Relief Fund is awarded entirely at the discretion of the

Newcastle City Council. There is no formal right of appeal. However, ratepayers dissatisfied with the council's decision may request that their circumstances be reviewed/ reconsidered under the following circumstances:

- i. Additional information that is relevant to the award and that was not available at the time the decision was made becomes available; or
- ii. There are good grounds to believe that the supporting information was not interpreted correctly at the time the decision was taken.

Any request should be made in writing within 4 weeks of the date the relief was awarded to [business.rates@newcastle.gov.uk](mailto:business.rates@newcastle.gov.uk) and will be considered by the Service Manager Revenues, Benefits & Exchequer

### Variation and amendment of Relief under the scheme

- M.14 The amount of relief awarded may be recalculated in the event of a change in circumstances where the net charges are reduced.
- M.15 The council reserves the right to vary the capped increases to utilise all the available government funding
- M.16 This relief applies to the period ending 31 March 2022 and will not be extended or applied to any other financial year.

### Post assurance Audit Requirements

- M.17 All awards of relief are subjected to audit checks and where appropriate ratepayers may be contacted to provide supporting documents. Any ratepayer who falsely applies for any relief, provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006

### Final allocation of Relief under the scheme

- M.18 The percentage of relief awarded for each category was increased on review and the cash caps were removed in order to utilise all of the available funding by 30<sup>th</sup> September 2022.

size	Rateable value range	Original % relief applied to the net charges	Final % relief applied to the net charges
Micro	0-12k	100%	100%
Small	over 12k up to 15k	75%	100%
Medium	over 15k up to 51k	50%	100%
large	over 51k	5%	20%

## Appendix N

### Heat Network Relief

#### General Explanation

- N.1 Heat networks take heat or cooling from a central source(s) and deliver it to a variety of different customers such as public buildings, shops, offices, hospitals, universities and homes. By supplying multiple buildings, they avoid the need for individual boilers or electric heaters in every building. Heat networks have the potential to reduce bills, support local regeneration and be a cost-effective way of reducing carbon emissions from heating. Heat networks play an important role in decarbonising heat and support delivery of our net zero commitments. They are uniquely able to unlock otherwise inaccessible large-scale renewable and recovered heat sources such as waste heat and heat from rivers and mines.
- N.2 Central Government announced in the Final Report of the Business Rates Review published in October 2021 a 100% relief for eligible low carbon heat networks that have their own rates bill effective from 1 April 2023.
- N.3 At the Spring Statement 2022, the Chancellor announced that the heat network relief will apply from 1 April 2022 so, for the financial year 2022/23, will be delivered using existing local government discretionary relief powers funded by the government. From 1 April 2023 the government intends for the relief to be provided via legislation and this guidance will, subject to reviewing the implementation of the guidance, inform regulations to be made to take effect from 1 April 2023.
- N.4 Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).
- N.5 The relief is to be known as the 'Heat Network Relief'

#### Who is eligible for the relief?

- N.6 Properties that will benefit from the relief will be occupied hereditaments that are
- a) wholly or mainly being used for the purposes of a heat network.
  - b) the heat is over the next 12 months expected to be generated from a low carbon source (irrespective of whether that source is located on the hereditament or on a different hereditament).
  - c) the test at b above being made based on a forecast at the start of each financial year. Local authorities are not required to revisit that forecast and review the relief retrospectively for the same year. Nevertheless, local authorities may still review the eligibility for relief mid-year if, for example, there are changes to the type of plant installed at the facility.



## Wholly or mainly used for the purpose of a heat network

For these purposes, a heat network is a **facility, such as a district heating scheme, which supplies thermal energy from a central source to consumers via a network of pipes for the purposes of space heating, space cooling or domestic hot water.** Hereditaments wholly or mainly providing heat for a different purpose (such as an industrial process) are not eligible. The government will keep under review the incidence of heat networks in any industrial process context and whether they should benefit from the relief.

The test should be applied to the hereditament as a whole as heat network relief is not available on part of a hereditament. Many small and medium scale heat networks, such as common heating systems in multi-occupied buildings or estates, do not give rise to a separate business rates bill. In these cases, the heat network forms part of the services of the properties which have a wider purpose (e.g. offices) and therefore would not be eligible for Heat Network Relief. We expect those networks eligible for the relief to be the larger facilities which have their own business rates assessment.

The test is on thermal energy. This means that the purposes of generating electricity does not count towards meeting the wholly or mainly test and, as a result, the government does not anticipate hereditaments comprising power stations and a heat recovery and network system to qualify. A hereditament comprising a Combined Heat and Power (CHP) facility where the generation of electricity at the hereditament was more significant than the generation and supply of heat would not qualify for the relief. However, if a heat recovery and network system taking heat from a power station was, for whatever reason, in a separate hereditament from the power station then it may still qualify subject to meeting the other tests of eligibility.

Similar considerations will apply where the heat is being taken from an incinerator or Energy from Waste (EfW) Plant. If the heat network forms part of the same hereditament as the incinerator or EfW plant then, unless it has been designed specifically as a heat network, it is unlikely to pass the wholly or mainly test (its primary purpose more likely being incineration of waste or generation of power). However, it may qualify (subject to the other tests of eligibility) if the heat network forms its own hereditament (i.e. if the heat is coming in from a different hereditament such as the case of a heat network which purchases heat from a separately assessed EfW plant).

### The heat is generated from a low carbon source

A low carbon source is a source of which at least:

- a. 50% is renewable as defined below,
- b. 50% is waste heat,
- c. 75% is cogeneration heat (where cogeneration' means the simultaneous generation in one process of thermal energy and electrical or mechanical energy), or
- d. 75% is a combination of the sources above.

A renewable source is any of the sources listed in Class 1(e) of the Schedule to the Valuation for Rating (Plant and Machinery) (England) Regulations 2000 (SI 2000 No. 540) as inserted by [regulation 2\(b\) of SI 2022 No. 405](#).

Waste heat includes heat or coolth unavoidably generated as a by-product of another process, which would be wasted if not used for the purposes of a district heating network. This may include heat generated through the incineration of waste (although as noted at paragraph 17 above hereditaments which are primarily for the purpose of the incineration of waste or generation of electricity from waste would not pass the first test in 12(a) above).

Combined Heat and Power (CHP) sources will qualify as sources of cogeneration heat including gas CHP. However, as noted in paragraph 16 above, a hereditament comprising a CHP facility would still have to meet the first test of the relief – that the hereditament was wholly or mainly used for the purposes of a heat network (and not for example wholly or mainly for the purpose of generating and selling electricity).

This definition is largely based on [Article 2 of the Directive 2012/27/EU of the European Parliament and of the Council](#), is widely recognised and understood in the heat network sector and used for other purposes (such as the [Heat Networks Investment Project \(HNIP\)](#)). Therefore, local authorities can expect the operators of potentially eligible heat networks to understand this definition and be able to declare and evidence whether they consider they meet the test of a low carbon source. For these purposes we would anticipate a much simpler declaration than the information provided as part of the HNIP application. Local authorities should seek such a declaration from the ratepayer to inform them as to whether they meet the low carbon test.

## **How much relief is available and how will it be calculated?**

- N.7 The total amount of government-funded relief available for each property for 2022-23 under this scheme is 100% of the bill after mandatory reliefs but before any other discretionary reliefs for the hereditament for any day on which the eligible criteria are met. Therefore, for eligible hereditaments the rates liability will fall to nil from 1 April 2022.
- N.8 As with other reliefs, the amount of heat network 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.
- N.9 Therefore, when making an award for Heat Network Relief, local authorities should ensure in the conditions of the award that the relief are subject to the property's continuing eligibility. If the use of the property changes so that it is no longer eligible, the relevant chargeable amount must be recalculated to reflect that fact

## **Heat Network Relief – the Council's policy for granting discretionary relief**

- N.10 The council has decided to grant relief strictly in accordance with Central Government guidelines