



Milton Keynes Council

Discretionary Rate Relief Guidelines

www.milton-keynes.gov.uk/Revenues

Version Control

Version	Date	Author	Comments
1	3 August 2008	C Annison	A Petrie
2	5 October 2008	C Annison	Agreed by John Neilson – June 2009
3	22 November 2012	C Wright / K Pettit	Updated following review to reflect appeal process, discretionary rural, part-occupied premises and hardship rate reliefs
4	19 December 2012		Agreed by Cabinet
5	December 2013	C Wright / K Pettit	Updated reflecting new build empty property relief and relief for shops, pubs and restaurants (with RV less than £50k) and expansion of s44a Relief . Agreed by Delegated Decision (Cllr Bald) 11/2/14
6	December 2014	C Wright / K Pettit	Updated reflecting Autumn statement
7	December 2015	C Wright/ A Taplin	Updated reflecting 2015 Autumn statement.
8	March 2017	A Taplin	Updated reflecting 2016 Autumn statement and 2017 Spring Budget

Discretionary Rate Relief

1. Introduction

1.1. Milton Keynes Council (MKC) is committed to correctly administrating the award of Discretionary Rate Relief (DRR) to organisations within the Milton Keynes area.

Under the Local Government Finance Act 1988 (as amended) (LGFA) and Non Domestic rating (Unoccupied Property) (England) Regulations 2008 SI 2008/386, there are 5 areas of discretionary rate reliefs available to Milton Keynes Rate Payers. These are:-

- a) Discretionary Rate Relief (Charities and Not for Profit Organisations);
- b) Reductions/Remissions on the grounds of Hardship
- c) Relief for Partly occupied premises.
- d) Relief to support Localism
- e) Other uses of discretionary powers under s47 of the LGFA 1988

2. Statement of Objectives

The guidelines have the following objectives:

- To make the application process simple for organisations and give the clearest possible guidance as to what will be considered with regard to an application.
- To consider each application on its merits.
- To be equitable and fair and balance the wider interests of the community within the resources made available arising from Business Rates Baseline funding.
- To make decisions based on objective criteria and organisations' suitability for Discretionary Rate Relief
- To ensure officers give due time and attention to processing applications which is proportionate to the complexity and level of relief.
- To have regard to the relevant Central Government guidance when making decisions.
- To have regard to the restrictions applicable in terms of State Aid limitations

3. Legislation

3.1 Discretionary Rate Relief [Charities and other organisations]

The conditions to be satisfied before MKC can consider an application for this relief are detailed in the LGFA 1988 under s47.

These are either of the following:-

- a) The rate payer is a charity or trustees of a charity, and the property is wholly or mainly used for charitable purposes; or

- b) The hereditament (property) is not an excepted hereditament (ie the rate payer is not the billing authority or precepting authority) and all or part of the property is occupied for the purposes of one or more institutions 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; or
 - c) Milton Keynes Council may make the decision only if it is satisfied that it would be reasonable for it to do so, having regard to the interests of persons liable to pay council tax set by it.
- and
- d) For all of the above the overriding principle is that the awarding of the DRR must be in the interests of Milton Keynes council taxpayers.

The detailed guidelines to assist with the determination of granting DRR are contained on page 6.

3.2 Reductions/Remissions on the grounds of Hardship

The conditions to be satisfied before MKC can consider an application for this relief are detailed in the LGFA under s49. These are that:-

- a) The rate payer would sustain hardship if the Authority did not do so, and
- b) It is reasonable for the Authority to do so, having regard to the interest of persons subject to its council tax.

3.3 Relief for partly occupied premises

S44a of the LGFA enables MKC to grant relief on a hereditament that is partly unoccupied or not fully occupied as long as this situation exists for a short time only. The granting of this relief is entirely under the discretion of Milton Keynes Council and each case will be considered on its merits and be referenced to the interests of Milton Keynes Council tax payers.

3.4 Relief to promote localism

S47 of the LGFA allows the Authority to offer business rate discounts to help attract firms, investment and jobs. Each case will be considered on its merits and be referenced to the interests of Milton Keynes Council tax payers.

3.5 Other uses of discretionary powers

From time to time, additional measures are proposed by the Chancellor of the Exchequer to provide assistance to business. These can be either national schemes or locally defined schemes which are drawn up by MKC. There are provided under s47 of the LGFA 1988 and usually MKC will be compensated in full by way of a s31 grant.

4. Length of award

- 4.1. All awards of Discretionary Rate Relief will be granted on an annual basis and applicants will need to apply annually towards the end of the current financial year for the following financial year (commencing 1 April). Wherever practicable, MKC will attempt to notify each current ratepayer in receipt of DRR reminding them of the need to apply for the coming financial year. Under s47 of the LGFA, MKC is unable to grant DRR with an effective date of more than six months after the end of the financial year to which it relates, therefore applications received after this date will not be considered.
- 4.2. All awards for remission/reduction on the grounds of hardship are granted for short fixed periods and for no longer than the period where there is clear evidence of hardship.
- 4.3. All awards for relief due to partly occupied premises will be given for a short time only and only where there is clear evidence of partial occupation.
- 4.4. All awards for relief (localism) will be granted for a maximum of one financial year.
- 4.5. Any other awards using s47 powers will be up to the maximum period of time stipulated by central government or the locally defined scheme

5. State Aid

- 5.1. Discretionary rate relief shall not be awarded in any circumstances where it appears that an award will result in the rate payer receiving state aid that is above the current de minimis level. .

6. Application process

- 6.1. Each applicant for Discretionary Rate Relief (Charities and other Organisations) will be required to complete an application form, which has questions designed to assess the benefit of granting relief to Milton Keynes Council Tax payers. This in turn will aid determination of the level of award to be granted.
- 6.2. Each applicant for partly occupied premises will be assessed under the guidelines contained on page 9
- 6.3. Applications for Remission for Hardship should be made in writing to the Business Rates section of MKC.
- 6.4. Applications for other awards under s47 should be made in accordance with the guidance provided by central government at the time or in line with the locally defined application procedures.
- 6.5. For all reliefs, Milton Keynes Council reserves the right to refuse an application if all information requested has not been submitted. This may include full financial information.
- 6.6. The determination of any relief to be granted will be an officer delegated decision.
- 6.7. Applicants will be notified, either by receiving a revised demand showing the reliefs awarded, or in writing detailing reasons for non-awards.

6.8. Unless otherwise agreed, ratepayers are required to continue to pay, in accordance with the latest demand notice, pending the outcome of an application.

7. Awards for retrospective periods.

7.1. With the exception of applications on the grounds of hardship, rate relief will not normally be awarded in respect of any day prior to the day that an application is received. However, in exceptional circumstances consideration may be given to awarding rate relief for a retrospective period where the ratepayer can demonstrate good cause for not submitting the application earlier. Additionally, applications for other reliefs awarded using s47 powers may be considered where the ratepayer meets the relevant criteria.

7.2. Where the application is on the grounds of hardship an award may be made for a respective period where it is considered that the business suffered hardship during that period.

7.3. No consideration shall be given to an award for a retrospective period where the Council is not able to verify to its satisfaction that the circumstances giving rise to the application pertained for that period

8. Appeals

8.1. There is no statutory right of appeal against DRR.

8.2. However as this is an officer delegated decision, MKC will consider reviewing applications as follows:-

Appeal, in writing, within 28 days of notification of DRR decision to the MKC Director of Resources

The contact details are available on the MKC website.

8.3. There is also the right of appeal, by way of judicial review, to the High Court.

9. Monitoring

9.1. Awards of Discretionary Rate Relief will be monitored to ensure that the guidelines have been followed and that awards are made within the guidelines objectives. The Council will monitor the financial implications of awarding relief.

Guidelines		Mandatory Relief	Discretionary Relief (Up to a maximum)	Total Relief (Up to a maximum)
1	Charitable bodies ^{1,2} , whose main objectives are to work with vulnerable areas of the community (for example but not limited to – children, youth, elderly) and the property is wholly or mainly used for charitable purposes	80%	20%	100%
2	Charitable bodies whose main objectives are to work with vulnerable areas of the community in respect, but not limited to, health, disability, well-being and the property is wholly or mainly used for charitable purposes	80%	20%	100%
3	Charitable bodies whose main objectives are concerned with the Arts. This includes for example, but not limited to, museums, theatres, artists workshops and the property is wholly or mainly used for charitable purposes	80%	20%	100%
4	Charitable bodies that run educational establishments including voluntary aided, Foundation Schools, and Academy schools.	80%	Nil	80%
5	Charitable bodies that provide advice and information to the residents of Milton Keynes either free of charge or at minimal cost. This includes, but not limited to, employment advice and the property is wholly or mainly used for charitable purposes	80%	20%	100%
6	Charitable bodies that are established for the purposes of running and maintaining meeting places, halls and community spaces and the property is wholly or mainly used for charitable purposes	80%	20%	100%
7	Organisations which are registered with Inland Revenue as Community Amateur Sports Clubs (CASCs).	80%	20%	100%
8.	Charitable bodies that are established for the purposes of encouraging sport or other elements of a healthy lifestyle to the residents of Milton Keynes. Membership must be in excess of 50% of residents within Milton Keynes. and the property is wholly or mainly used for charitable purposes	80%	20%	100%
9.	Properties that are occupied by Charitable bodies for the purposes of income generation, for example charity shops, who are eligible for mandatory rate relief.	80%	-	80%
10.	Not for profit organisations whose main objectives are charitable or are otherwise philanthropic, or religious, or concerned with education, social welfare, science, literature or the fine arts and do not fit in the above categories.	-	100%	100%
11	Properties that are occupied by non-profit organisations and are wholly or mainly used for purposes of recreation and sport or other elements of a healthy lifestyle to the residents of Milton Keynes. Membership must be in excess of 50% of residents within Milton Keynes.	-	100%	100%
12.	Where the property is used for purposes which are of benefit to the wider local community but does not fall in any of the above guidelines and it would be in the interests of the Council Tax payer to make an award.	-	100%	100%

² For all charitable bodies reference will be made to the financial accounts to determine whether or not the organisation has more than 12 months running costs in reserves or has sufficient financial resources to pay the rates liability. Where there are reserves are greater than 12 months, the organisation will need to demonstrate that the reserves are generated for a large project. Conversely, the accounts will also be reviewed to ensure that the organisation is viable. The Council will review significant expenditure lines in the accounts to ensure that the accounts correctly reflect the charitable purposes of the organisation as detailed in the application form.

Applications under Section 44a of Local Government Finance Act (1988) (Partly occupied property)

1. The Council has discretion under section 44a of the Local Government Finance Act (LGFA) to request that the Valuation Office Agency provide a certificate with a split valuation where part of a property is unoccupied for a temporary period. The amount of reduction in rates is determined by statute and is calculated by reference to the rateable value ascribed to the unoccupied area by the Valuation Office Agency.
2. Applications will only be considered in respect of unoccupied parts of a property that can be clearly defined and are reasonably segregated from the occupied part of the property.
3. For the purposes of these guidelines a period of up to 12 calendar months shall be considered to be temporary and longer periods shall not be considered to be temporary.
4. No award shall be made where it appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purposes of applying for Section 44a relief.
5. A ratepayer making an application under section 44a shall provide a plan of the property showing the dimensions of the occupied and unoccupied area of suitable quality to enable the Valuation Office Agency to apportion the rateable value of the property between the occupied and unoccupied areas. Applications will not be considered until such time as the plan is provided.
6. Section 44a relief will not be awarded in respect of partly occupied property where the partial occupation of the property may be considered to arise due to the ordinary day to day nature of the business (for example the operation of a warehouse).
7. Section 44a relief will not normally be awarded in respect of different operative periods that contain the same area of unoccupied property that existed in preceding operative periods.
8. Awards of Section 44a relief shall end at the earliest occurrence of one of the following:
 - a) The end of the statutory period for which relief may be allowed;
 - b) The end of the financial year;
 - c) All or part of the unoccupied area becoming occupied;
 - d) The whole of the property becoming unoccupied;
 - e) The ratepayer ceasing to be the person or organisation liable to pay non-domestic rates in respect of the property;
 - f) Where all or part of the unoccupied area has remained unoccupied for one year;
 - g) The commencement of a further award in respect of the property;
 - h) The Council is unable to verify, following reasonable notice, that the area remains unoccupied.
9. The ratepayer must allow a Council Officer access to the property by appointment during normal working hours within two weeks of the Council receiving the application in order to verify the occupation of the property.
10. Further access may be required on at least one occasion each month, during normal office hours, during the period for which relief is being awarded. In order to enable verification, access to the unoccupied area may be requested immediately without advanced notice. In the event that access is not allowed promptly without good cause the award of Section 44a relief may be withdrawn.