

# Bromsgrove District Council Discretionary Rate Relief Policy and Guidance

## 1. Purpose and Scope

This policy sets out Bromsgrove District Council's approach to awarding Discretionary Rate Relief (DRR). It applies to all non-domestic ratepayers who may be eligible for discretionary relief and outlines the criteria, process and governance for awarding such relief.

The council aims to:

- Support organisations that contribute to the social, economic, and environmental wellbeing of Bromsgrove.
- Promote fairness, transparency, and consistency in decision making.
- Align relief awards with the strategic priorities of the council and available budgets.

## 2. Legislative Framework

The award of Discretionary Rate Relief governed by a range of statutory provisions that define both mandatory and discretionary powers. The following legislative references form the basis of this policy and guide the Council's approach to assessing and granting relief:

**Schedule 4ZA of the Local Government Finance Act 1988:** This schedule outlines the conditions under which mandatory relief is granted for occupied hereditaments. It sets out that premises used wholly or mainly for charitable purposes, or by community amateur sports clubs will be entitled to relief of 80%.

**Schedule 4ZB of the Local Government Finance Act 1988:** This schedule sets out the mandatory relief for unoccupied hereditaments and allows for full relief for property that was last used for charitable purposes or by a CASC.

**Section 47 of the Local Government Finance Act 1988:** This section provides the discretionary power for billing authorities to award rate relief to a charity or CASC that already receives mandatory rate relief or to award relief to certain not for profit organisations. The Localism Act 2011 expanded this power to allow relief to any ratepayer provided it is reasonable and in the interests of local council taxpayers.

**Section 44A of the Local Government Finance Act 1988:** Section 44A allows for relief on partly occupied premises. If part of a property is temporarily unoccupied the council may request the Valuation Office Agency to apportion the rateable value between the occupied and unoccupied areas, enabling relief on the unoccupied portion.

**Section 49 of the Local Government Finance Act 1988:** Section 49 enables councils to award relief where a ratepayer is experiencing hardship providing it is in the interests of local council taxpayers for relief to be given.

**Subsidy Control Act 2022:** The Subsidy Control Act 2022 replaced EU State Aid rules and requires public authorities to ensure that any financial assistance (including rate relief) complies with UK subsidy control principles.

### **3. Principles for Awarding Discretionary Relief**

When awarding discretionary rate relief, the council will apply general principles and consider relief where:

- The organisation delivers a clear local community benefit.
- The award of relief supports the council's priorities.
- The financial impact is proportionate and justified.
- The organisation demonstrates financial need and transparency.
- The business provides a clear plan and evidence as to how it will become self-reliant.
- The award complies with subsidy control rules.

### **4. Explanation of Key Principles**

The principles are intended to ensure that relief is awarded fairly and responsibly:

**Clear local community benefit:** Services, activities or support directly improves the wellbeing or provision of services to residents of Bromsgrove. Examples include:

- Supporting vulnerable residents
- Promoting health, education or inclusion
- Enhancing local culture or recreation.

The benefit should be clear and definite; it should be inclusive; and locally focussed.

**Supporting council priorities:** The award of relief should align with the council's strategic goals.

**Financial impact is proportionate and justified:** Relief should match the organisation's need and the scale of benefit. A charity with limited income and high community impact may justify a 100% relief, where as a charity with significant reserves, or with a low impact may only justify a partial award.

**Financial need and transparency:** Applicants must show limited income or reserves and a requirement on relief to develop or maintain services. There must be clear and open financial reporting to help to ensure that relief is awarded to organisations that genuinely need support.

**Plan for self-reliance:** Organisations should not rely indefinitely on relief and should outline steps to reduce dependency on relief e.g. through providing a business or sustainability plan; outlining income generation strategies; or setting out an

explanation of the steps toward financial independence. This encourages long-term sustainability and responsible use of relief.

**Compliance with subsidy control:** Relief should meet requirements of Subsidy Control Act including MFA thresholds and reporting requirements.

## **5. Discretionary Relief Exclusions**

Relief will not generally be provided where:

**The ratepayer is a national organisation or regional organisation:** Large international, national or regional organisations will not automatically receive discretionary relief unless exceptional local benefit is demonstrated. The policy prioritises local organisations that directly provide services to Bromsgrove residents.

**Relevant unrestricted reserves or income:** If an organisation has adequate financial resources, especially unrestricted reserves, it is expected to pay its business rates without assistance. Bromsgrove's awards of discretionary relief are intended for organisations that genuinely need financial assistance to continue delivering local services.

**Relief will distort competition or provide an advantage:** Relief will not usually be awarded where the application of relief will distort competition or provide an advantage to charitable or non-profit organizations over ordinary ratepayers. While charitable and non-profit organisations often provide valuable community services some may also engage in commercial activities such as operating cafes, gyms or the provision of event spaces that compete directly with local businesses.

**Duplication of services:** Where the ratepayer would duplicate existing services and no additional local need has been identified relief may be withheld.

## **6. Hardship Relief**

In cases of hardship and where it would be reasonable to do so having regard to the interest of the council taxpayers the council may grant either partial or full hardship relief under section 49 of the Local Government Finance Act 1988.

Hardship relief will be the exception rather than the rule. The council will consider hardship relief where:

- The business is facing exceptional short-term hardship that threatens its ability to continue trading.
- The business provides a significant benefit to the local community through the provision of essential services, local employment or social value.
- The award of relief represents a fair and proportionate use of funds.
- There is evidence of the future viability of the business and a clear plan for business recovery.

Hardship is not strictly limited to financial hardship and that of itself will not be a deciding factor. Where the business has the ability to pay their liability at the time, or

in future through deferment of payment then hardship relief will not usually be considered.

## **7. Discretionary Relief for Rural Settlements**

Under section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011, Bromsgrove District Council has the power to grant discretionary rate relief to premises within rural settlements. Although the statutory “rural condition” was removed in 2012 councils retain full discretion to support rural businesses where it is reasonable and in the interests of local council taxpayers.

### **Eligibility Criteria**

We will continue to consider discretionary rate relief for rural businesses where:

- The property is situated within a designated rural settlement as defined by the council's rural settlement list
- The business demonstrates a clear community benefit such as:
  - Providing essential goods or services
  - Supporting local employment
- The rateable value of the property is £16,500 or less (local policy threshold)
- The applicant demonstrates financial need and transparency
- The financial impact is proportionate and justified
- The award complies with subsidy control requirements

The discretionary relief aims to retain the discretionary rural relief provisions that existed prior to the 2012 changes and to support businesses that sustain vital services in rural communities.

## **8. Localism Act Relief**

Under Section 47 LGFA 1988 (as amended by the Localism Act 2011), the Council may grant discretionary relief to any ratepayer where it is reasonable and in the interests of council taxpayers. This power allows flexibility to support local economic development, regeneration, and community benefit beyond traditional charitable and non-profit categories. Applications will be considered where:

- The business contributes to local employment or regeneration.
- The award supports strategic objectives.
- The financial impact is proportionate and justified.

Relief under this section will normally be time-limited and subject to annual review.

## **9. Government Funded Discretionary Relief**

From time to time, the Government introduces temporary relief schemes (e.g. Retail, Hospitality and Leisure Relief, Supporting Small Business Relief, and Discretionary Transitional Relief). These schemes are delivered using the expanded section 47 powers inserted by the Localism Act.

The Government publishes full guidance on the administration of temporary relief schemes and the council has a general requirement to consider Government guidance before awarding any discretionary relief. To enable delivery of the relief in-line with national policy objectives the council will administer Government funded schemes in accordance with the published guidance.

### **10. Relief for Part-Occupied Properties**

If part of a property is empty for a short time, the council can ask the Valuation Office Agency to split the rateable value between the occupied and unoccupied parts. This means the business only pays rates on the part it is using.

We will consider relief where:

- The empty part will be used again soon.
- The occupation pattern is temporary and unavoidable, for example phased occupation of premises, or damage to property from fire or flood.
- The part occupation is not the result of normal maintenance, refurbishment, seasonal shutdowns or reduction in capacity due to normal business risks.

### **11. Applications and Appeals**

Applications for relief must be made in writing and be signed by the ratepayer, or an appropriately authorised representative of the applicant. Applications may be made electronically, or a form supplied by the council. The council will set out the evidence required to support an application and this may include:

- Audited accounts and certified financial statements
- Evidence of community benefit
- Supporting documents required for specific relief types, e.g. business plan demonstrating future income streams for the organisation.

Incomplete applications, or applications that do not provide sufficient supporting information will not be considered.

Applications will be assessed against this policy and decisions will be notified in writing stating the amount of relief, duration and any conditions relating to the award of relief.

Applicants may request a review within 28 days of the decision and reviews will be completed by an officer not involved in the original decision.

If the original decision is upheld, then the applicant will be informed in writing and advised of the final internal appeal to the Assistant Director of Finance and Customer Services, who will consider the appeal in consultation with the relevant portfolio holder.

There will be no further internal appeal process, however, ultimately the ratepayer may appeal through Judicial Review.

Ratepayers must inform the council immediately of any change in circumstances that may affect their eligibility for relief, examples include:

- Changes in the use of the property.
- Significant increases in income or reserves.
- Closure or relocation of the business.

## **12. Backdating Relief**

Application for discretionary relief will normally be backdated to the start of the current rate year or the date the ratepayer became liable, whichever is later.

Backdating to earlier years may be allowed if:

- The application is made and decided within six months of the end of the relevant rate year; or
- The property is added to the rating list for the first time and the application is made within three months of that date.

Government funded relief can also be backdated provided funding is still available under the relevant government scheme.

## **13. Delegation**

The council's scheme of delegation allows for the Revenue Services Manager, and Assistant Financial Support Manager to determine awards of:

- Mandatory relief
- Discretionary rate relief for charities, community amateur sports clubs, and charity shops.
- Discretionary rate relief for non-profit making organisations
- Discretionary rural rate relief
- Relief for part-occupied premises
- Hardship relief
- Government funded discretionary rate relief

Individual awards of discretionary rate relief made using the expanded powers under the Localism Act 2011 are delegated to the Head of Finance and Customer Services in consultation with the relevant Portfolio Holder and Leader of the Council.

## **14. Subsidy Control**

Any discretionary relief awarded under this policy constitutes a subsidy within the meaning of the UK Subsidy Control Act 2022. The council must ensure that all awards comply with the statutory principles and obligations.

A subsidy exists where all four conditions apply:

1. **Public resources** – assistance is provided from public funds by a public authority.

2. **Economic advantage** – the assistance confers an economic advantage on one or more enterprise.
3. **Specificity** – The assistance is selective and not generally available to all enterprises.
4. **Effect on competition or investment** – The assistance can affect competition or investment.

Discretionary rate relief will normally fall under the Minimal Financial Assistance (MFA) threshold which allows an economic actor to receive up to £315,000 over a rolling three-year period.

Applicants must declare any subsidies received from other public authorities to ensure compliance.

Relief will not be granted where it would cause the recipient to exceed the MFA threshold or breach other subsidy control requirements.

Subsidies exceeding £100,000 must be uploaded to the UK subsidy database.

## **Appendix A – Rural Settlement List**

The areas below have been designated as rural settlement

| Parish                     | Settlement     |
|----------------------------|----------------|
| Clent                      | Adams Hill     |
| Belbroughton and Fairfield | Belbroughton   |
| Beoley                     | Beoley         |
| Lickey & Blackwell         | Blackwell      |
| Bournheath                 | Bournheath     |
| Unparished                 | Burcot         |
| Clent                      | Clent          |
| Cofton Hackett             | Cofton Hackett |
| Dodford with Grafton       | Dodford        |
| Belbroughton               | Fairfield      |
| Alvechurch                 | Hopwood        |
| Clent                      | Holy Cross     |
| Clent                      | Lower Clent    |
| Wythall                    | Major's Green  |
| Hunnington                 | Romsley        |
| Alvechurch                 | Rowney Green   |
| Stoke Prior                | Stoke Prior    |