

ENFIELD COUNCIL - BUSINESS RATE RELIEF POLICY - 2017/18

This guide seeks to explain the different types of exemptions and rate relief schemes available for Business Rates from Enfield Council and the Valuation Office Agency (VOA). More detailed guidance is available on the respective web sites or on request in some instances.

Upating of business rate relief thresholds and Autumn Statement 2016

From 1 April 2017, the Government intends to uprate the following business rate relief thresholds in line with the general movement of values resulting from the 2017 revaluation

These changes are:

- I. Thresholds for small business rate relief in terms of 2nd property relief: The threshold for the rateable value of individual second properties will increase from £2,599 to £2,899, and the threshold for the aggregate value of all second properties will increase from £25,499 to £27,999 in London.
- II. The extended empty property relief threshold will increase from £2,599 to £2,899;
- III. At the Autumn Statement on 23 November 2016 the Chancellor of the Exchequer confirmed that rural rate relief will double from 50% to 100% from 1 April 2017.
- IV. The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief to take effect from 1 April 2018. However, before the requirement to grant mandatory relief comes into force we expect local authorities to use their local discount powers to grant 100% rural rate relief to eligible ratepayers from 1 April 2017
- V. The Government is providing funding to local authorities so that they can provide a discount worth up to £1,500 a year for 2 years from 1st April 2017, to office space occupied by local newspapers. This is up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits. The relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act 1988). Eligibility criteria for this relief is set out in a guidance note: "The case for a business rates relief for local newspapers", which can be obtained at www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-for-local-newspapers
- VI. It continues to be the case that ratepayers receiving Small Business Rate Relief that take on an additional property which would currently disqualify them from receiving relief will continue to receive their current relief for 12 months;

1. BUSINESS RATE RELIEF AVAILABLE FROM ENFIELD COUNCIL

Small Business Rate Relief

All occupied hereditaments with a rateable value under £50,999 (that cannot receive Mandatory relief) will have their bills automatically calculated using the lower multiplier.

You may also be eligible for a further reduction under the small business rate relief scheme if you occupy only one property and your rateable value is not higher than £15,000. You could receive a percentage reduction in your rates bill for the property of up to a maximum of 100%.

For a property with a rateable value of not more than £12,000, this means a 100% reduction in their rates bill.

Generally, this percentage reduction (relief) is only available to ratepayers who occupy either-

(a) one property, or

(b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed £2,899.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £27,999 on each day for which relief is being sought. If the rateable value, or aggregate rateable value, increases above those levels, relief will cease from the day of the increase.

In order to benefit from this relief you will need to complete a declaration with the Council. We have a fiduciary duty to our residents to ensure that people who are not entitled to the relief do not receive it; this is also an audit requirement.

If you currently receive the reduction and continue to satisfy the conditions for relief which apply at the relevant time as regards the property and the ratepayer, you will automatically continue to receive relief this year even though there is a new valuation period.

Certain changes in circumstance will need to be notified to Enfield Council if you are in receipt of the relief (other changes will be picked up by the local authority). The changes which should be notified are—

(a) Taking up occupation of an additional property, and

(b) An increase in the rateable value of a property occupied by you in an area other than the Enfield area which granted the relief.

We reserve the right to remove any discount or relief if review forms are not returned within 14 days. We will also share information with other departments and Her Majesties Revenue and Customs. It remains a criminal offense to knowingly claim the relief if you are not eligible.

Transitional Rate Relief

This will automatically show on your bill and is designed to reduce the impact of large changes in the rateable value following each national revaluation.

Empty Property Rate Relief

You will be exempt from paying business rates on empty property for the three months after a property becomes vacant. In addition to this:-

- Industrial premises, e.g. warehouses, factories etc, are exempt for a further three months.
- Listed buildings and buildings with a rateable value under £2,899 are fully exempt until they become occupied again
- Properties owned by charities and community amateur sports clubs are exempt if the next time the property is used it is for charitable purposes of that charity.

After the exemption period ends the full rates become due and payable.

Partly Occupied Rate Relief (Section 44a)

A ratepayer is liable to pay full occupied rates for the whole of a property even if it is occupied in part, as occupation of a part of a hereditament is occupation of the whole.

However, where a property is part occupied for a short period (a short period is not defined but we consider this to be up to three months for non-industrial properties and up to six months for industrial ones) and it could be separately assessed by the Valuation Office Agency, but a formal split of the assessment is not appropriate we have discretion to request that the Valuation office apportions the property's rateable value to show its occupied and unoccupied parts separately.

You will need to evidence that the period of part occupation is temporary and will come to an end before the maximum period or if not when the period is expected to end. An example might be a schedule of works to rectify water damage due to flooding of part of the property that has caused the under-utilisation of the hereditament.

Also it is not intended that this relief should be used where part of a property is just temporarily not used or its use is temporarily reduced. A good example is where there are practical difficulties in vacating a property in one operation perhaps because new accommodation to which the ratepayer is moving is not fully ready for occupation and it has to be phased in over a number of weeks. Periodic refurbishments of a property are part of the normal economic life of a properties occupation and are unlikely to be considered for part occupied relief.

If we exercise discretion, the empty part will receive a complete exemption from rates for up to the first 3 months it is empty (or, if it is an industrial property, for the first 6 months). After this time, full occupied rates will be payable on the full assessment.

Part occupied relief will not be considered if the property has not been occupied immediately before the application.

Each case will be considered on its merits and must be in the interests of the Council Tax Payers of the Borough. If you think partly occupied relief is applicable then please put your request in writing to the Council's Business Rates team. You will need to provide the date that the relevant part of the property became unoccupied; the reasons in full for it becoming unoccupied and the date when this will end. You will need to provide scale plans of the property, clearly marking out the unoccupied part.

Hardship Rate relief

Any business can apply for hardship relief if they can show that the following apply:-

- A) The ratepayer would sustain hardship if it did not do so and it is reasonable to do so having regard to the interests of Enfield's council tax payers. This should be confirmed where possible by the business's last two years audited accounts and if available a two or three-year projection of these trading accounts; and
- B) **The business is viable** and the granting of relief will help to ensure the future of the business; and
- C) **The business provides a community benefit.** In judging this, the range of facilities available locally will be considered e.g. is the business the only provider of a service in the area, possibly a unique service.

2. BUSINESS RATE REDUCTIONS AVAILABLE FROM THE VOA

The rates you pay depend on the property's rateable value. This is calculated by the VOA and is reassessed every five years. The rateable value can be reduced in two ways:

Inaccuracies in your property details

You can view a breakdown of the valuation of your property and compare your valuation with others by visiting the VOA's website at www.2010.voa.gov.uk. If you think some of the details are wrong, e.g. the area of part of the property is too big, you can send them your suggested amendments.

Valuation enquiries and appeals

If you think your rateable value is higher than comparable properties you can contact your local valuation office at the contact address below, or make an appeal. There are twelve categories of grounds for appealing which are detailed on the VOA's website.

There has been a physical change to the area or property or the way the property is used

This can include a permanent or a temporary change in the area. If the change only lasts for a limited period, e.g. road works, the only evidence likely to be available is loss of trading income over the period of

the works. You must make an appeal at the time of the disruption/nuisance. The valuation office website states the following if your premises are affected by local disruption

“You may get a temporary reduction in your business rates if your premises are affected by severe local disruption (e.g. flooding, building or roadworks). Contact the VOA to find out if you can claim.” To do this please email them here: ratinglondon@voa.gsi.gov.uk

Enfield’s Valuation Office Address

Chase House 305 Chase Road Southgate London N14 6LZ Tel: 03000 501501 Fax: 03000 508780

3. CHARITY AND DISCRETIONARY RATE RELIEF AVAILABLE FROM ENFIELD COUNCIL

The Local Government Finance Act 1988 allows the Council to grant mandatory and discretionary rate relief to Charities, Community Amateur Sports Clubs (CASC’s) and Non-profit making organisations situated within the London Borough of Enfield. The cost of granting relief is partly borne by Central Government from the Business Rate pool.

Qualifying criteria for charities, casc’s and ‘not for profit’ organisations

(i) Charities

Mandatory relief is granted where the ratepayer of the property is:-

- a charity or the trustees of a charity and
- the property is wholly/mainly used for charitable purposes

In most cases proof of charitable status will be confirmed by reference to the charities commission register of charities.

(ii) Community Amateur Sports Clubs (CASC)

A sports club must be registered with Her Majesties Revenue and Customs as a CASC.

(iii) Non-Profit making organisations

Discretionary rate relief may be awarded to ‘top-up’ some or all of the remaining 20% following an award of mandatory rate relief. Discretionary rate relief may also be awarded alone where the organisation is not established for profit and whose main objectives are;

- a) charitable; or
- b) are philanthropic; or
- c) religious; or
- d) concerned with education, social welfare science, literature; or
- e) the fine arts; or

f) a club, society or organisation used for the purposes of recreation or sport.

Properties occupied by a billing or precepting authority cannot apply. The award of discretionary rate relief is subject to the condition that the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area.

Factors considered when assessing an application

(a) Which aspects of the Council's priorities would be met by the award of discretionary rate relief?

Discretionary rate relief is unlikely to be awarded unless an organisation can demonstrate that it helps the Council to achieve its priorities. These are listed below:-

Our vision is to make Enfield a better place to live and work, delivering fairness for all, growth and sustainability and strong communities. Underpinning this commitment we have a number of priorities, the delivery of which will contribute to improving the quality of life for all residents in the borough.

1. Fairness for all

Fairness for all means meeting the needs of all residents in the borough, protecting vulnerable residents and providing fair and equal access to services and opportunities. Tackling the inequalities in the Borough is at the heart of what we want to achieve for Enfield.

Our priorities are to:

- Serve the whole borough fairly and tackle inequality
- Provide high quality, affordable and accessible services for all
- Enable young people to achieve their potential

2. Growth and sustainability

Like many areas of the country, Enfield has suffered during the recent recession. Unemployment has risen, and many of the problems already present within the borough have been exacerbated. Demonstrating that Enfield is open for business will ensure that the borough makes a strong and sustainable recovery from the recession.

Our priorities are:

- A clean, green and sustainable environment
- Bring growth, jobs and opportunity to the borough

3. Strong communities

Building strong, cohesive and resilient communities will be vital as Enfield continues to grow and change as a borough. We want Enfield to be a place where people feel proud to live, where people from all different backgrounds are welcomed and supported, where vulnerable people are protected, and where people take responsibility for their own lives and their communities.

Our priorities are to:

- Encourage active citizenship
- Listen to the needs of local people and be open and accountable
- Provide strong leadership to champion the needs of Enfield
- Work in partnership with others to ensure Enfield is a safe and healthy place to live

(b) Whether the ratepayer is in direct competition with other ratepayers in the immediate vicinity or outside the Borough.

The Council would not wish to give any organisation a competitive advantage by the award of rate relief. It is therefore unlikely that a charity shop (see also note e) or an office of an organisation providing a similar service elsewhere would receive discretionary relief.

(c) The benefit the ratepayer brings to the residents of the district

The Council needs to ensure that the award of discretionary rate relief is to the benefit of the wider population of Enfield. Any ratepayer who is customer

based or whose membership is largely from outside Borough boundaries is unlikely to qualify for relief unless they can prove a sound case for a specific and unequivocal benefit to residents of the Borough.

(d) The cost to the Council Tax payer

The cost to the Council Tax payer of awarding relief varies from 25% to 75% of the discretionary relief granted. The Council will need to be satisfied that value for money is being provided; bearing in mind the subsidy an organisation will receive.

(e) Whether the ratepayer is a local organisation, a national organisation or a branch of a national organisation

The Council will need to consider the overall to the community of the organisation and what effect the award of rate relief will have upon the organisation. If the benefit of the rate relief is kept locally, the relief is more likely to be awarded than if it goes to a national organisation which is based elsewhere.

(f) Membership costs

Joining fees and/or subscriptions should not be used as a means to restrict

membership, directly or indirectly. Organisations with excessive membership fees will be excluded from rate relief.

(g) Whether the organisation encourages representation from disadvantaged or under-represented groups in the community

Organisations that do so may be considered more worthy of rate relief. Are there schemes for particular groups e.g. young people, the disabled, elderly or unemployed etc?

(h) Whether membership is determined by existing members

Where an organisation determines membership based on election by existing

members this could be construed as restrictive. Such organisations will need to be carefully evaluated as to whether they should receive rate relief.

Other factors – organisations displaying restrictions upon membership and access will not be considered. The Council will include in its consideration:

- membership open to all
- are membership discounts available (e.g. elderly, disabled etc)
- are the organisations facilities available generally or at certain times
- does not discriminate against any section of the community
- No payments should be made to playing members

(i) Whether the organisation provides training or education for its members

An organisation which provides training packages or educational aspects for its members may be more worthy of relief than ones that do not.

(j) Is the organisation or the facilities provided being funded largely by self-help rather than relying on external funding?

Whilst many organisations do depend on grant-aid and awards from statutory bodies, those which undertake fundraising themselves by various methods may be more worthy of rate relief than those who do not make additional efforts.

(k) Whether the organisation operates a licensed bar

An organisation which operates a licensed bar is generating income, although this should not be confused with the self-help detailed in note (j) above.

Discretionary rate relief should not be awarded to give additional subsidy. Are bar receipts excessive? If the net income of the bar and gaming machines exceeds 30% of total income rate, discretionary relief will be restricted to 50%.

What if our circumstances change?

If the aims and objectives of the organisation, or the use in which the premises are used for, change then the Council needs to be notified of this immediately. All successful applications will be subject to a review every year to ensure relief is still applicable.

What if we wish to appeal against the Councils determination of our application?

There is no statutory right of appeal in respect of a decision regarding discretionary rate relief. However, any request for further consideration should be made to the Director of Finance, Resources and Customer Services at the address on our website.

Applications

Applications for rate relief must be made in writing using the application form available via the Council Website, or via Enfield Connected. Where necessary the ratepayer may be required to provide further information to support the application. A new application will be required in cases of change of address.

Successful applications will be notified of the award electronically and an amended rate demand issued. Any resulting credit will be automatically refunded by the Council. The award will relate to the financial year when the application was determined. Unsuccessful applicants will be notified by electronic mail. All discretionary awards will be reviewed annually to accord with Government guidance.

Cost of rate relief: A proportion of the cost of the scheme is borne by Central Government, The Greater London Council and the Council is summarised in the table below:

Percentage met by the Greater London Authority	Percentage met by Enfield Council	Percentage met by Central Government
37%	30%	33%