



MANCHESTER  
CITY COUNCIL

Manchester City Council

National Non-Domestic Rates policy  
document - areas of local discretion

Operational from 1 April 2021

## 1. Introduction and scope

As part of its role in the administration of National Non Domestic Rates (NNDR) (more commonly referred to as business rates and referred to as such in this document), the Council has several areas where it can exercise its discretion to provide a reduction to the amounts of business rates that are due to be paid.

Changes to local government finance now mean that the income from business rates directly impacts on the Council's financial position.

This policy document outlines the areas of local discretion and the Council's approach to the various discounts. This approach is cognisant of the impact on both the Council's wider financial position and council tax payers, as well as the organisations and businesses that may apply for discounts and their role in supporting Manchester residents and developing the city. Where there is potential for multiple reliefs to be claimed, the Council will award relief in a way that minimises costs to Manchester residents.

This document covers the following areas of discretionary relief provided for by the Council, including measures introduced in the Budget in March 2020 and in response to Covid-19:

- Discretionary Rate Relief Scheme;
- Hardship Relief;
- Local Business Rates Discounts that are funded locally;
- Locally Business Rates Discounts that are wholly funded by central government;
- Local Business Rates Discount that are wholly funded by Central Government up to a maximum grant threshold; and
- Enterprise Zones.

The Council's approach to discounts provided under Section 44a of the Local Government Finance Act relating to partial occupation is excluded from this document and is covered by a separate policy document.

Where the Council exercises its discretion to award relief, the Council will not consider retrospective applications that are made for a relief period that is more than six months after the end of the financial year to which it relates (as defined by S47 of the Local Government Finance Act 1988 as amended by Local Government and Rating Act 1997, S3, P23).

Any award granted will be made as a credit to the business rates account. If the account is in credit as a result, this can be refunded on request to the ratepayer. If there are arrears on other accounts in the name of the account holder, the Council will consider whether it is appropriate to use any credits to clear other money owed rather than refunding the credit.

The Council expects that payment of the rates due is made pending the result of any application for relief. Failure to make the required payments will result in recovery action in accordance with the debt recovery policy.

Decisions taken on discretionary reliefs within this policy are made under delegated powers given to the City Treasurer within the Council's constitution.

## 2. Discretionary Rate Relief Scheme

The Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme to consider applications for business rates relief of up to 100% to certain organisations which operate within specified criteria. This includes:

- Charitable bodies (who receive mandatory 80% relief). The Council has further discretion to 'top up' this relief to 100% of the rates due.
- Registered community amateur sports clubs (CASCs) (who receive mandatory 80% relief). The Council has further discretion to 'top up' this relief to 100% of the rates due.
- Non-profit making organisations. The Council has discretion to grant discretionary rate relief of between zero and 100% of the business rates due.

We will invite applications from charities, CASCs and non-profit making organisations under the discretionary scheme. Applications made by agents must include written confirmation signed by the ratepayer that the application is being made on their behalf. The state aid declaration on the application form must be signed by the ratepayer.

In determining applications, the Council can:

- grant relief up to a maximum of 100% of the rates due;
- grant relief for a sum less than 100% of the rates due; or
- refuse any application for relief.

Applications should be made promptly, but as long as applications for any discretionary reliefs are made in good time to allow a decision to be made before the end of September in the current year, they will be applied from the beginning of the previous financial year if appropriate.

The Council reserves the right to cancel or reduce any award of discretionary relief covered in this section if the business in receipt of that award is found to be behaving in a way that is not in the best interests of Manchester residents.

### 2.1 Charitable bodies (charities)

Mandatory rate relief of 80% is granted to charities in the following circumstances:

- The ratepayer of a property is a charity or the trustees of a charity, and
- The property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purpose of the charity).

Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which, under the 1993 Act, are exempted from registration are also eligible for mandatory relief. Providing the above criteria are met, 80% mandatory rate relief is granted.

As this is a mandatory award, any challenge to the Council's decision can be made through the Council's Corporate Complaints Procedure and then to the Magistrates Court by way of a defence against the application for a liability order, rather than any other internal review

In cases where a charity is in receipt of mandatory rate relief of 80%, the Council has discretion to grant up to 20% additional rate relief.

The Council will consider applications for a discretionary rate relief 'top up' from charities based on their own merits, on a case by case basis. The principle consideration is that any relief is in the best interests of the taxpayers of Manchester City Council, as the Council must bear the cost of any relief granted.

In determining the application, the following matters will be taken in to consideration:

- How the charity supports and links into the Council's corporate vision and priorities;
- The purpose of the charity and the specific activity carried out within the building for which the relief is requested; and
- 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.

## **2.2 Registered Community Amateur Sports Clubs**

Mandatory rate relief of 80% is granted to registered community amateur sports clubs (CASC). To qualify as a CASC, a sports club must fulfil all the following criteria:

- Open to the whole community;
- Run as an amateur club;
- Be a non-profit making organisation; and
- Aim to provide facilities for, and encourage people to take part in, eligible sport.

In cases where a CASC is in receipt of mandatory rate relief of 80%, the Council has discretion to grant up to 20% additional rate relief as a discretionary 'top up'.

The Council will consider applications for a discretionary rate relief 'top up' from CASCs based on their own merits on a case by case basis. The principle consideration is that any relief is in the best interests of the taxpayers of Manchester City Council, as the Council must bear the cost of any relief granted.

In determining the application, the following matters will be taken in to consideration (list is not exhaustive):

- How the CASC supports and links into the Council's corporate vision and priorities;
- 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;
- Membership numbers and the number and percentage of these members that are Manchester residents;
- 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; and
- Whether facilities are available to the wider community regardless of ability.

We will also require additional financial information including:

- 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.

### **2.3 Non-profit making organisations**

The Council has the power to grant discretionary rate relief of up to 100% of the rates due to other non-profit making organisations. The relief could be given to properties used by non-profit making organisations for recreational, charitable or philanthropic purposes or in connection with education, social welfare, science, literature or the fine arts.

The Council will consider applications for discretionary rate relief from non-profit making organisations on their own merits on a case by case basis.

The principle consideration is that any relief is in best interests of the taxpayers of Manchester City Council, as the Council must bear the cost of any relief granted.

In determining the application the following matters will be taken in to consideration (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 Manchester residents; and

- 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.

We 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.

## **2.4 Decision making process for Discretionary Rates Relief applications**

Applications where the financial award would be less than £50,000 per annum based on an annual rates bill will be considered by a panel made up of:

- The Director of Customer Services and Transactions
- The Corporate Revenues Manager; and
- The Business Rates Manager or one of the Business Rates Team managers.

Where the application is refused, any requests for a review of the decision will be considered by either the Deputy City Treasurer or Head of Finance (Corporate Core).

Applications where the financial award would be more than £50,000 per annum based on an annual rates bill would be considered by a panel made up of:

- The Business Rates Manager;
- The Deputy City Treasurer; and/or
- Head of Finance (Corporate Core).

Where the application is refused, any requests for a review of the decision will be considered by the City Treasurer.

## **3. Hardship Relief from Business Rates**

### **3.1 Background**

The Council is able to exercise its discretion under Section 49 of the Local Government Finance Act 1998 to provide either partial or full relief from business rates in cases of hardship where it would be reasonable to do so having due regard to the interests of council tax payers in general.

### **3.2 Eligibility Criteria**

The Council will consider applications for hardship relief from individuals and organisations based on their own merits on a case by case basis. Applications made by agents must include written confirmation signed by the ratepayer that the

application is being made on their behalf. The state aid declaration on the application form must be signed by the ratepayer.

The impact of Covid-19 will not automatically qualify a business for hardship relief.

When deciding whether to award hardship relief, as well as being confident that the organisation is experiencing hardship, the principle consideration will be that any relief is in best interests of the taxpayers of Manchester City Council, as the Council must bear the cost of any relief granted.

Hardship relief will not normally be paid to cover commercial risk or where claims have resulted from a failure to carry out due diligence.

Any award granted will normally only offer short term help and be made as a credit to the business rates account. If the account is in credit as a result this can be refunded on request to the ratepayer.

### **3.3 Decision making process for Hardship Relief applications**

Applications will be considered by a panel made up of:

- The Director of Customer Services and Transactions
- The Corporate Revenues Manager; and
- The Business Rates Manager or one of the Business Rates Team managers.

Where the application is refused, any requests for a review of the decision will be considered by either the Deputy City Treasurer or Head of Finance (Corporate Core).

The Council reserves the right to cancel or reduce any award of discretionary relief covered in this section if the business in receipt of that award is found to be behaving in a way that is not in the best interests of Manchester residents.

## **4. Local Business Rate Discount – funded locally**

Section 69 of The Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 and allows the Council to grant locally determined business rate discounts (in addition to the already available discretionary rate reliefs).

The power recognises that the current business rates scheme is broadly prescribed by central government and its aim is to provide increased flexibility to local authorities to support organisations, recognising the variations in economic conditions across and within local authority boundaries.

The Council will invite and consider exceptional applications for a local business rates discount from organisations, based on their own merits and on a case by case basis.

When deciding whether to award a local business rates discount, the principle consideration will be that in granting any discount there should be a resultant

substantial, positive impact for residents and taxpayers in the city, as the Council must bear the cost of any relief granted.

The following criteria will also be taken into account when considering applications:

- Whether the organisation provides substantial and essential long-term benefits to both the community and the council tax payer, such as increasing employment or improving amenities available to the local community; and
- Consideration of whether there are other businesses in the area which provide the same or similar services or facilities and whether the award could have an anti-competitive effect on other businesses in the city.

Applications made by agents must include written confirmation signed by the ratepayer that the application is being made on their behalf. The state aid declaration on the application form must be signed by the ratepayer.

Any award will be made as a credit to the business rates account. If the account is in credit as a result this can be refunded on request to the ratepayer.

The Council reserves the right to cancel or reduce any award of discretionary relief covered in this section if the business in receipt of that award is found to be behaving in a way that is not in the best interests of Manchester residents.

#### **4.1 Decision making process for Local Business Rate Discount – funded locally**

Applications will be considered by a panel made up of:

- The Business Rates Manager;
- The Deputy City Treasurer; and/or
- Head of Finance (Corporate Core).

Where the application is refused, any requests for a review of the decision will be considered by the City Treasurer or nominated representative.

## **5. Local Business Rates Discount that are wholly funded by Central Government**

There are three schemes administered by the Council, where any relief granted is wholly funded by central government subject to specific criteria.

These include:

- Relief for Local Newspapers
- Supporting Small Business Relief Scheme
- Retail Discount, renamed Expanded retail Discount from 1 April 2020
- Pub Relief Scheme\*
- Additional help for businesses in receipt of Small Business Rates Relief

\*The Pub Relief Scheme, introduced in April 2017 to last until March 2019, has been



reintroduced from April 2020.

In addition, although the Pub Relief Scheme finished at the end of March 2019, applications for 2018/19 may still be considered.

The Council will be using its discretionary powers under section 47 of the Local Government Finance Act 1988 as amended to grant relief. Central government will fully reimburse the Council using a grant under section 31 of the Local Government Act 2003.

## **5.1 Relief for Local Newspapers**

### **5.1.1 Background**

Government has determined that the Council can use its discretionary powers to provide a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.

The Council has agreed to use these powers and invites applications from organisations that meet the criteria.

### **5.1.2 Eligibility Criteria**

This relief has been reintroduced from 1 April 2020. Applications should be made in writing. Applications made by agents must include written confirmation signed by the ratepayer that the application is being made on their behalf. The state aid declaration within the application form must be signed by the ratepayer.

Any award will be made as a credit to the business rates account. If the account is in credit as a result this can be refunded on request to the ratepayer.

## **5.2 Supporting Small Businesses Relief Scheme**

### **5.2.1 Background**

In the Spring Budget 2017 the Chancellor 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 and provided guidance to the Council on how this should operate.

The Supporting Small Businesses relief scheme 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, because of this, are facing large increases in their bills.

In 2016/17, eligible ratepayers with a rateable value less than or equal to £6,000 were entitled to 100% small business rate relief. Those with a rateable value of between £6,000 and £12,000 receive tapered relief from 100% to 0%. From April 2017, government has increased the thresholds to £12,000 for the 100% relief and

£15,000 for the tapered relief. This has meant that most ratepayers entitled to small business rate relief in 2017 paid less or nothing following the revaluation. However, some ratepayers faced large increases in their rateable value as they lost some or all of their small business rate relief.

The transitional relief scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers who are losing some or all of their small business or rural rate relief may have faced large percentage increases in bills from 1 April 2017.

The Council has agreed to use these powers and will award the relief to organisations that meet the criteria.

Applications made by agents must include written confirmation signed by the ratepayer that the application is being made on their behalf. The state aid declaration within the application form must be signed by the ratepayer.

Any award will be made as a credit to the business rates account. If the account is in credit as a result this can be refunded on request to the ratepayer.

#### 5.2.2 Eligibility Criteria and Award Amounts

This section describes the Supporting Small Business Scheme.

The aim of this scheme is to ensure that the increase per year in the bills is limited to the greater of:

1. A percentage increase per annum of 5%, 7.5%, 10%, 15% and 15% between 2017/18 to 2021/22 (all plus inflation).  
Unlike the transitional relief scheme, 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
2. A cash value of £600 per year (£50 per month).  
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.

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 had the increase in their bill capped at £600. The cash minimum increase was £600 per year thereafter. This means that ratepayers who are currently paying 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.

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.

Ratepayers 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. 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.

There is no second property test for eligibility for the Supporting Small Businesses relief scheme. However, those ratepayers who during 2016/17 lost entitlement to small business rate relief because they failed the second property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended can continue on the scheme for the remainder of their 12 month period of grace.

### 5.2.3 Recalculations of relief

The amount of relief awarded under the Supporting Small Businesses relief scheme will be recalculated in the event of a change of circumstances. This could 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.

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities 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.

### 5.2.4 Other reliefs

Hereditaments eligible for charitable or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief.

Small business rate relief or rural rate relief will not be applied to further reduce the bill found under Supporting Small Business relief.

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.

All other discretionary reliefs, including those funded by section 31 grants, will be considered after the application of Supporting Small Businesses relief.

## **5.3 Pub Relief Scheme**

### 5.3.1 Background

At the Spring Budget 2017, the Government provided for a relief scheme for pubs that have a rateable value below £100,000. Under the scheme, eligible pubs received

a £1,000 discount on their bill.

This relief originally lasted to 1 April 2019 but has been reintroduced from 1 April 2020 and increased to £5,000 in the March 2020 budget.

Applications made by agents must include written confirmation signed by the ratepayer that the application is being made on their behalf. The state aid declaration within the application form must be signed by the ratepayer.

Any award will be made as a credit to the business rates account after any award of Retail Discount that the pub may qualify for. If the account is in credit as a result this can be refunded on request to the ratepayer.

### 5.3.2 Eligibility Criteria

The Government's policy intention is that eligible pubs should:

- be open to the general public;
- allow free entry other than when occasional entertainment is provided;
- allow drinking without requiring food to be consumed; and
- permit drinks to be purchased at a bar.

For these purposes, it should exclude:

- restaurants
- cafes
- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas
- concert halls
- casinos

## 5.4 Retail Discount

### 5.4.1 Background

In the Budget on 29 October 2018, the Government provided for 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 the discount was 33%. In January 2020 it was increased to 50%. The March 2020 Budget further

increased it to 100% for the 2020/21 financial year and expanded the range of businesses who could qualify, to include the hospitality and leisure sectors, due to Covid-19. It is to be applied after mandatory reliefs and other discretionary reliefs have been applied.

For 2021/22 the discount has been further amended to provide 100% relief for the first three months of the year; reducing to 66% from 1 July 2021. Eligibility is further limited by funding caps:

- £2 million for qualifying ratepayers required to close by the Government due to Covid-19; or
- £105,000 for all other qualifying ratepayers.

#### 5.4.2 Eligibility Criteria

The 100% relief has been applied automatically to all businesses which the Council believes qualify. The Council will issue new bills in July to those properties affected. Applications from businesses moving into new premises are welcomed.

Applications made by agents must include written confirmation signed by the ratepayer that the application is being made on their behalf. The state aid declaration within the application form must be signed by the ratepayer.

### **5.5 Decision making process for Local Business Rate Discounts that are wholly funded by government**

Entitlement is determined by The Business Rates Manager in accordance with central government guidance

Where the application is refused, any requests for a review of the decision will be considered by the Corporate Revenues Manager.

The Council reserves the right to cancel or reduce any award of discretionary relief covered in this section if the business in receipt of that award is found to be behaving in a way that is not in the best interests of Manchester residents.

Any award will be made as a credit to the business rates account. If the account is in credit as a result this can be refunded on request to the ratepayer.

## 6. Enterprise Zones

Enterprise Zones were announced by the government in the 2011 budget. There are a number of Enterprise Zones across the country. Their aim is to stimulate business growth in designated areas by providing financial incentives and simplified planning arrangements to businesses and to councils. The aim is that they will provide jobs and drive local and national growth.

There are currently no active Enterprise Zones in Manchester.

The Council has discretion to grant a 100% Enterprise Zone business rates discount for a five year period up to Government subsidy limits to businesses that are in the these Enterprise Zones between 1 April 2016 and 31 March 2021.

The discount reduces the amount of business rates that the business would have to pay to the Council.

This is a complex area that is covered by legislation and businesses are advised to read all the guidance that is available on the Council's website or on request and seek advice before submitting an application form or committing to a move into the zone. The decision to award discretionary EZ relief is made on a case by case basis, and all applications are considered on their own merits. However, if an owner is, in addition to the benefits outlined above, using legal mitigation schemes to minimise exposure to business rates, this may have a bearing on whether EZ relief is awarded.

## **6.1 Exclusions**

The Council will not normally consider Enterprise Zone awards for empty properties or car spaces. Each case will be considered on its own merits cognisant of the aims of the Enterprise Zone scheme.

## **6.2 Decision making process for Enterprise Zone Discount**

Applications will be considered by a panel made up of:

- the Business Rates Manager; and
- the Corporate Revenues Manager.

Where the application is refused, any requests for a review of the decision will be considered by the Director of Customer Services and Transactions.

## **7. Applications and review process**

All applications for discretionary discounts should be made in writing where possible using the Council's application forms. The Council also requires evidence to support applications, the details of which will be included on each claim form.

The Council will expect the applicant to include all information that they wish to be considered with the application.

If an applicant is dissatisfied with the outcome of their application they can ask for a review of that decision.

## **8. Award periods**

All areas of discretionary relief will normally be granted for up to one financial year or as stipulated by government conditions for Local Business Rates Discount wholly funded by central government.

If necessary any relief will be subject to an annual review process. The Council reserves the right to review the award should the circumstances of the organisation change during the period of the award.

## 9. Policy Review

This policy will be reviewed on an annual basis or sooner if there is a change in legislation that would affect its operation.