



## **Guidance Notes for the Award of Discretionary Rate Relief**

**For liabilities from 1 April 2024 onwards**

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### **1. About Discretionary Relief**

Guildford Borough Council grants Discretionary Rate Relief under sections 47 to 49 of the Local Government Finance Act 1988 (as amended).

Provided ratepayers meet specific criteria, reductions in rates are available to:

- Organisations with Charitable or Community Amateur Sports Club Status
- Not for Profit Organisations
- Rural Businesses
- Businesses facing hardship

The award of this relief is a discretionary power available to the Council. There is a financial consideration to any relief awarded, in that a proportion is met by council tax payers. We consider this when awarding relief. We can grant up to 100% discretionary relief.

We will consider each application for discretionary relief on its merits, with reference to these guidance notes to ensure consistency and fairness.

#### **1.1 Relationship to Mandatory Relief**

Mandatory rate relief is a reduction that the Council has to give if the ratepayer meets the criteria.

Section 43 of the Local Government Finance Act 1988 (as amended) provides for an 80% reduction in rates for Charities and Community Amateur Sports Clubs. In addition, it provides for a 100% reduction in rates for specific rural businesses.

Mandatory relief is also available to small businesses provided they meet the current criteria. We calculate small business rate relief on a sliding scale.

We calculate discretionary rate relief after the application of any mandatory rate relief.

## 1.2 Amount Available

Once we have assessed that the application meets the scheme criteria, the Council provides the following levels of discretion:

Organisational Status	Purpose	Mandatory Relief	Discretionary Relief
Charity (Registered or Exempted)	Conservation Organisations	80%	20%
Charity (Registered or Exempted)	Museum	80%	20%
Charity (Registered or Exempted)	Sports Club/Recreational	80%	20%
Charity (Registered or Exempted)	Theatre and Arts Organisations	80%	20%
Charity (Registered or Exempted)	Village Hall, Club, or community centre	80%	20%
Charity (Registered or Exempted)	Welfare Organisations: providing advice, counselling and community care	80%	20%
Charity (Registered or Exempted)	Youth organisations: including scouts, guides, youth hostels, YMCA	80%	20%
Charity (Registered or Exempted)	Local Charity Shops (as opposed to National Charity Shops)	80%	20%
Charity (Registered)	Educational Organisations	80%	20%
Community Amateur Sports Club	Sports Club/Recreational	80%	0%
Not for Profit	Sports Club/Recreational	0%	50%
Not for Profit	Village Hall, Club, or community centre including associations for ex servicemen/women	0%	50%
Not for Profit	Theatre and Arts Organisations	0%	100%
Rural Business in receipt of Mandatory Relief 01/04/24 onwards	Post Office, General Store or Food Store	100%	0%
Rural Business in receipt of Mandatory Relief prior to 01/04/24	Post Office, General Store or Food Store	50%	50%
Rural Business <u>not</u> in receipt of Mandatory Relief	Post Office, General Store or Food Store	0%	100%
Facing Hardship	Important to the Community	0%	Variable up to 100%

## 1.3 Organisations not normally eligible for discretionary relief

We cannot grant relief on any property occupied by Guildford Borough Council or any of the precepting authorities (ie county or parish councils) unless they are acting as trustees (Section 47 (9) of the Local Government Finance Act 1988).

In addition, Guildford Borough Council will not normally grant discretionary rate relief to:

- General rural businesses
- Educational organisations that are not registered charities (including universities, further education colleges, voluntary aided, voluntary controlled, church or grant-aided schools, public schools, foundation schools and academies).
- National or regional offices of a charity, although administrative offices providing for the whole of Guildford Borough will be eligible, provided that there is local access to the offices for those requiring help from that particular organisation.
- National charity shops.

## **1.4 Backdating**

Section 47 (6A) of the Local Government Finance Act 1988 stipulates that a decision to grant relief for a specific day is invalid if:

- (a) the day falls before the end of the financial year beginning on 1 April 2022, and
- (b) the decision is made more than six months after the end of the financial year in which the day falls

## **1.5 Period of Relief**

We grant relief for one year at a time. We cannot guarantee that we will grant any relief beyond the specified period, or for any additional properties taken on during the year. This is because any withdrawal or variation of relief is subject to one financial year's notice by the Council.

## **2. Calculating Entitlement – The Scheme**

Legislation specifies the order in which we calculate relief. Generally, we calculate any mandatory rate relief entitlement first. We then apply discretionary relief to any remaining rates liability.

### **2.1 Detailed Criteria – Charities, Community Amateur Sports Clubs**

To be eligible for discretionary relief a property must meet all of the following criteria:

#### **2.1.1 The property must qualify for mandatory rate relief**

To qualify for mandatory rate relief the property must fulfil one of the following criteria

- a. Registered or Exempted Charity
  - The property must be used wholly or mainly for charitable purposes and the institution or organisation must be established for charitable purposes only, or be occupied by persons administering a trust established for charitable purposes only. Registration under the Charities Act 2011, as amended, is conclusive evidence of charitable status.
  - Bodies that, under the 2011 Act are excepted from registration or are exempt charities, are also eligible for mandatory relief.
  - For charity shops the shop must be wholly or mainly used for the sale of goods given to the charity, rather than manufactured for the charity.

- b. Community Amateur Sports Clubs (CASCs)
  - The organisation must be registered with HM Revenues and Customs as a CASC, and the property concerned must be used wholly or mainly by a CASC.

### **2.1.2 The property must be used wholly or mainly for one of the following purposes:**

- Conservation
- Education (registered charities only)
- Museum
- Sports Club
- Recreational Club
- Theatre
- Arts
- Village Hall, Club, or Community Centre
- Welfare: providing advice, counselling and community care
- Youth organisations: including scouts, guides, youth hostels, YMCA
- As a local charity shop (as opposed to national charity shop)

### **2.1.3 Use of the property should contribute to the Council's key strategic priorities**

Applicants should explain how their organisation's use of the property contributes to the Council's Key Strategic Priorities as contained in the Strategic Framework detailed in section 3.

For example, the use may satisfy a local need not met by the Council or add to and improve on existing Council facilities.

Applicants should explain the specific contribution that their organisation provides from their use of the property, and where possible provide evidence.

## **2.2 Detailed Criteria – Not For Profit Organisations**

To assess eligibility for discretionary relief we need the following information:

### **2.2.1 The applicant must be a not for profit organisation**

This means an organisation not established or conducted for profit, rather than a commercial organisation that is not making a profit. Either:

- 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
- Or it is wholly or mainly used for purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

Typically, these organisations will be sports or recreation clubs without charitable status, or village halls.

Evidence required:

- A statement of the organisation's constitution, main purposes and objectives. This could simply be the rules of the organisation or the memorandum and articles of association.
- A full statement of audited accounts for the last financial year at the application date.

### **2.2.2 Membership should be open to all**

Membership must be open to all sections of the local community unless legitimate restrictions apply.

To satisfy this criteria:

- The organisations' rules for determining membership applications must show that membership is open to all sections of the local community unless legitimate restrictions apply, for example regarding ability or standards within the organisation's area of activity.
- Organisations must state any restrictions that apply to the club or society such as membership by invitation only, high subscriptions or no disabled facilities.
- Any membership subscriptions must be reasonable and not set at a high level, which might exclude the general community. Similarly, subscriptions may also be set to encourage disadvantaged groups of the community to apply for membership.
- As Council Tax payers will be subsidising discretionary awards the organisation's membership should be mainly resident within the Borough. However, a proportion of the membership may come from another local authority's area, particularly if the premises is near to or straddles another Borough. We will still consider discretion in these instances, as the Council will be looking to establish the benefit to its community and that it remains in line with the key strategic priorities.
- We are looking for evidence of active encouragement of membership from particular disadvantaged or under-represented groups in the community, such as young people, older age groups, disabled persons and ethnic minorities.

Evidence required:

- Constitution or rules of the organisation
- Scale of fees and charges
- Documentation of special promotional activities
- Self-certification on application form.

### **2.2.3 Affiliation**

The Council will consider whether the organisation is actively involved in the local or national development of their particular interest, for example an affiliation to local sports or arts councils and national representative bodies.

Evidence required:

- Affiliation documents.

### **2.2.4 Property use**

The premises must be wholly or mainly used by the ratepayer or the ratepayer and other not for profit organisations. To satisfy this criteria:

- Where the organisation's facilities include a licensed bar, we need evidence that those facilities are ancillary to the organisations' main objectives. The provision of a bar for the exclusive purpose of social activity will not be sufficient for granting of discretionary rate relief.
- We want information on the extent to which the organisation's facilities are open to non-members, for example use by schools, other organisations and casual public sessions. Please provide details of who else uses the premises, how often and any rental/fees charged for use.

Evidence required:

- References from organisations that have used the facilities
- Accounts
- Self-certification on application form.

### **2.2.5 Use of the property should contribute to the Council's key strategic priorities**

Applicants should explain how their organisation's use of the property contributes to the Council's Key Strategic Priorities as contained in the Strategic Framework detailed in section 3.

For example, the use may satisfy a local need not met by the Council or add to and improve on existing Council facilities.

Applicants should explain the specific contribution that their organisation provides from their use of the property, and where possible provide evidence.

## **2.3 Detailed Criteria – Rural Businesses**

To be eligible for discretionary relief a property must meet all of the following criteria:

### **2.3.1 The property must be in a defined rural settlement**

To be eligible for mandatory or discretionary relief the property must be within a defined rural settlement for the financial year concerned.

Guildford Borough Council is required to compile and maintain a rural settlement list and make it available for inspection from 1 January each year. To be included on the list the settlement must be within a designated rural area and appear to have a population of less than 3,000 on 31 December. The list identifies the boundaries of the settlements.

The government designated all the rural parishes in Guildford as rural areas in which the Council can define rural settlements. Population data is based on the 2011 Census. Due to their populations East Horsley, Tongham, Ash and Ash Vale are not defined rural settlements.

The public can view the list at the Council Offices at Millmead, however the Business Rate team is happy to check whether a property falls within a defined settlement and can be contacted on 0330 123 0081.

### **2.3.2 The property must have a rateable value below a specified threshold**

Regulations set out a number of thresholds under which mandatory relief is available at 50% of the charge for defined businesses (see 2.3.3). These values are subject to change, especially when there is a revaluation. Please contact the Business Rates team on 0330 123 0081 if you need to check the current threshold value.

The thresholds for mandatory relief are:

- General Stores, Post Offices, Food Stores – rateable value of £8,500 or less
- Public Houses, Petrol Filling Stations – rateable value of £12,500 or less

The threshold for discretionary relief for any type of business is £16,500

### **2.3.3 The whole or part of the property must be used for one of the following defined businesses**

#### **a. General Stores**

A property or part of a property is used as a qualifying general store if it fulfils the following criteria:

- A trade or business consisting wholly or mainly of the sale by retail of both food for human consumption (excluding confectionery) and general household goods is carried on at the property and
- Such a trade or business is not carried on in any other property, or part of a property, in the settlement concerned.

#### **b. Post Office**

A property or part of a property is used as a qualifying post office if it fulfils the following criteria:

- It is used for the purposes of a universal service provider (within the meaning of the Postal Services Act 2000) and
- No other property, or part of a property, in the settlement is used in this way.

#### **c. Food Store**

A property, or part of a property, is used as a qualifying food store if a trade or business consisting wholly or mainly of the sale by retail of food for human consumption (excluding confectionery and excluding the supply of food in the course of catering) is carried on there.

The supply of food in the course of catering includes:

- Any supply of food for consumption on the premises on which it is supplied, and
- Any supply of hot food for consumption off those premises.

#### **d. Public Houses**

A property or part of a property, is used as a qualifying public house if it fulfils the following criteria:

- A justices' on-licence (within the meaning of the Licensing Act 1964 other than a part IV licence within the meaning of that Act), is in force for the premises, and

- No other property, or part of a property in the settlement is used in this way.
- e. Petrol Filling Stations

A property, or part of a property, is used as a qualifying petrol filling station if it fulfils the following criteria:

- Petrol or other automotive fuels are sold retail to the general public for fuelling motor vehicles intended or adapted for use on roads, from the premises, and
- No other property, or part of a property, in the settlement is used in this way.

### **2.3.4 The community test**

The Council can grant discretionary relief provided the property is used for purposes the which benefit the local community, and it would be reasonable for the billing authority to grant discretionary relief having regard to the interests of its council tax payers.

- Where a General Store, Post Office or Food Store meets all the criteria for mandatory relief, we will award an additional 50% discretionary relief.
- Where a General Store, Post Office or Food Store does not qualify for mandatory relief due to the rateable value threshold, we will award them 100% discretionary relief if they meet the discretionary threshold.

## **2.4 Detailed Criteria – Hardship Relief**

The Council can grant up to 100% discretionary rate relief. However, it must be satisfied that the application meets both the following criteria:

### **2.4.1 The ratepayer faces hardship if discretionary relief is not granted**

The ratepayer should explain the hardship that they are facing, and what other steps they are taking to minimise or avoid it. The applicant should provide copies of their last three year's accounts, and their current business plan. They should also explain how much discretionary relief they are seeking, and for how long.

### **2.4.2 The community test**

The Council can only grant discretionary relief if it is in the interests of the Council Tax payers for it so do so.

This could mean that the business is a large local employer, or provides a unique and valued service to the community. The applicant should explain why their business is important to the local community or economy.

We are unlikely to give discretionary relief to a business that has been trading for less than three years. We expect that such a business would have planned for payment of the business rates, and allowed for some contingency in their business plans.

Similarly, we are unlikely to help a business that faces difficulties so severe that it will fail even with rate relief. In this instance it would not be good use of public funds even if the business is important to the community.



### **3. The Council's Strategic Framework**

Our current Vision, Mission and Values can be viewed at:  
<https://www.guildford.gov.uk/corporateplan>

### **4. Making an Application**

#### **4.1 Mandatory and Discretionary Relief for Charities, CASCs, Not for Profit Organisations and Rural Businesses**

- A separate application is required for each rating assessment. This is because relief is linked to the use of the property.
- A new application is required each year, however we may ask applicants to self certify whether their circumstances have changed from those set out in their original application.
- The application form can be found on our website [www.guildford.gov.uk](http://www.guildford.gov.uk).

#### **4.2 Discretionary Relief for Businesses facing hardship**

We do not have an application form for hardship relief as every case will be unique and assessed individually. In the first instance, applicants should write in with details of their current circumstances, bearing in mind the criteria in 2.4. If necessary, we will then request any additional information that we need.

### **5. Appeals**

The Council's Chief Financial Officer will consider appeals regarding the granting of discretionary rate relief. Applicants that want to appeal should write to the Chief Financial Officer setting out the reasons why they disagree with the decision. Please quote any reference's provided in our initial letter of decision.

You can post letters to  
Chief Financial Officer  
Guildford Borough Council  
Millmead House  
Millmead  
Guildford  
GU2 4BB

Or email them to [BRates@guildford.gov.uk](mailto:BRates@guildford.gov.uk) with a subject heading "Discretionary Appeal for the attention of the Chief Financial Officer"

### **6. Further Enquiries**

Please contact:  
Business Rates  
Guildford Borough Council  
Millmead House  
Millmead  
Guildford  
GU2 4BB  
Tel: 0330 123 0081 Email: [brates@guildford.gov.uk](mailto:brates@guildford.gov.uk)