



Discretionary Rate Relief Guidelines 2025/26.



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Introduction

Milton Keynes City Council (MKCC) is committed to correctly administering the award of Discretionary Rate Relief (DRR) to organisations within the Milton Keynes area.

Under the Local Government Finance Act 1988 (as amended) (LGFA), there are 6 areas of discretionary rate reliefs available to Milton Keynes Rate Payers. These are: -

1. Discretionary Rate Relief for Charities and Not for Profit Organisations
2. Relief for properties in rural settlements
3. Reductions/Remissions on the grounds of Hardship
4. Relief for partly occupied premises.
5. Relief to support Localism
6. Other uses of discretionary powers under s47 of the LGFA 1988

Statement of Objectives

These 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 subsidy allowances and limitations

Subsidy Control

Discretionary rate relief shall not be awarded in any circumstances where it appears that an award will not be compliant with the Subsidy Control requirements. Any relief provided by Local Authorities will need to comply with the UK's domestic and international subsidy control obligations ([BEIS guidance for public authorities](#) contains guidance and information for the new UK subsidy control regime, which commenced on 4 January 2023.)

Application process

For all reliefs, MKCC reserves the right to refuse an application if all information requested has not been submitted. This may include full financial information such as full accounts, business plans etc.

Applications may also be refused where it appears to the Council that the occupation of the property is part of a rates avoidance scheme.

The determination of any relief to be granted will be an officer delegated decision.

Applicants will be notified, either by receiving a revised demand showing the reliefs awarded, or in writing detailing reasons for non-awards.

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

Awards for retrospective periods.

Rate relief will not normally be awarded in respect of any period prior to the start of the financial year in which the application was submitted unless the relief is fully funded by the Government. 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.

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.

No award will be backdated more than 6 years.

Appeals

There is no statutory right of appeal against the refusal to award relief.

An applicant may request a review of the decision but only where either:

- Additional information that is relevant to the application and was not available at the time the decision was made becomes available; or
- There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was made.

A request for a review must be made within 28 days of notification of the decision and must set out the reasons for the request and any supporting information.

Types of Relief

Discretionary Rate Relief for Charities and Not for Profit organisations (DRR)

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

These are either of the following: -

1. The rate payer is a charity or trustees of a charity, and the property is wholly or mainly used for charitable purposes;
or
2. The hereditament (property) is not an excepted hereditament (i.e., 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;
and
3. For each of the above the Council may make the decision only if it is satisfied that it would be reasonable to do so having regard to the interests of Milton Keynes City Council taxpayers.

The detailed guidelines to assist with the determination of granting DRR are contained on [Appendix 1](#).

Length of award

Awards of Discretionary Rate Relief for Charities and other Organisations will be made for a three-year period. During the three-year period an annual internal review will be undertaken by the Revenues Team. A new application will be required every three years.

Application process

Where required, each applicant will 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. Applications will be refused where insufficient information has been provided to enable a determination to be made.

Relief for properties in rural settlements

The LGFA 1998, as amended, provides for the only Post Office or the only General Store, the only Public House, the only Petrol Station and the only village food store in a Rural Settlement with a population not exceeding 3,000 to be awarded 100% Mandatory Relief.

The regulations provide a discretion to the Council to award up to 100% relief to other rural businesses where the rateable value is £16,500 or less and it is used for the benefit of the local community.

A list of rural settlements is provided in [Appendix 2](#).

Length of award

Awards of discretionary relief will be granted on an annual basis.

Application process

Each applicant will 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. Applications will be refused where insufficient information has been provided to enable a determination to be made.

Reductions/Remissions on the grounds of Hardship

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

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

An award to hardship relief will usually only be made in order to provide short term assistance to businesses that are suffering unexpected hardship, arising from circumstances beyond the business's control (and outside of the normal risk associated with running a business of that type), to the extent that the viability of the business would be threatened if an award were not made.

An award of hardship relief will not usually be made for the purposes of enabling a new business to become established except where the viability of the business is threatened by events that could not reasonably have been foreseen when establishing the business.

No award shall be made where it appears to the Council that the proprietor of the business has failed to exercise due diligence or anticipate circumstances that may give rise to hardship, financial; or otherwise, and/or to put in place measures to prevent or mitigate the circumstances.

In the case of a claim for a period of local disruption such as flooding, building works or roadworks we would expect that a ratepayer would first seek a reduction in their rateable value from the Valuation Office Agency before an application for hardship relief would be considered.

In the case of flooding or other damage to the building or its contents the Council would expect that ratepayers have adequate insurance against such losses and may request information to confirm this.

Length of award

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.

Application process

Application should be made in writing to the Business Rates section of MKCC. Full details should be provided including, but not limited to

1. The last two year's accounts, a current cash flow forecast and a comprehensive business plan. Where the business has traded for less than two years, then draft accounts or budget forecasts must be provided for the period since the business started trading.
2. Details of actions taken to mitigate any factors giving rise to hardship. Examples of mitigation may include seeking business advice, discounts and promotions, reviewing pricing, negotiations with creditors etc.
3. Any other relevant factors.

Applications will be refused where insufficient information has been provided to enable a determination to be made.

Relief for partly occupied premises

S44a of the LGFA enables MKCC to grant relief on a hereditament that is partly unoccupied or not fully occupied for a temporary period only.

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.

The granting of this relief is entirely under the discretion of MKCC and each case will be considered on its merits and be referenced to the interests of MKCC Council Taxpayers. Applicants will be expected to evidence demonstrable benefits to MK residents as part of their application.

MKCC will look favourably at applications that are creating new highly skilled job opportunities for Milton Keynes residents.

As MKCC is fully supportive of the Living Wage Foundation and it is expected that as minimum any applicant will have a minimum wage no less than the Real Living Wage rate (set by the Living Wage Foundation).

All applications will be reviewed by MKCC Economic Development team and their comments will be taken into account when making the decision on an award.

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.

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.

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.

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.

Rate relief under this section will not usually be awarded where the partial occupation may be considered to arise due to the ordinary day to day nature of the business (for example the operation of a warehouse).

Rate relief under this section will not usually be awarded where the unoccupied area is not expected to be occupied by the ratepayer, for example where it is empty and available to let.

Length of award

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.

Awards of Section 44a relief shall end at the earliest occurrence of one of the following:

1. The end of the statutory period for which relief may be allowed;
2. The end of the financial year;
3. All or part of the unoccupied area becoming occupied;
4. The whole of the property becoming unoccupied;
5. The ratepayer ceasing to be the person or organisation liable to pay non-domestic rates in respect of the property;
6. Where all or part of the unoccupied area has remained unoccupied for one year;
7. The commencement of a further award in respect of the property;
8. The Council is unable to verify, following reasonable notice, that the area remains unoccupied.

Application process

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.

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.

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

Applications will be refused where insufficient information has been provided to enable a determination to be made.

Relief to promote localism

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

Applicants will be expected to evidence demonstrable benefits to MK residents as part of their application.

MKCC will look favourably at applications that are creating new highly skilled job opportunities for Milton Keynes residents.

As MKCC is fully supportive of the Living Wage Foundation and it is expected that as minimum any applicant will have a minimum wage no less than the Real Living Wage rate set by the Living Wage Foundation).

All applications will be reviewed by MKCC Economic Development team and their comments will be taken into account when making the decision on an award.

Length of award

All awards for localism relief will be granted for a maximum of one financial year.

Application process

Application should be made in writing to the Business Rates section of MKCC.

Applications will be refused where insufficient information has been provided to enable a determination to be made.

Other uses of discretionary powers under S47 LGFA 1988

From time to time, additional measures are proposed by the Government to provide assistance to businesses. These can be either national schemes or locally defined schemes which are drawn up by MKCC. They are provided under s47 of the LGFA 1988.

Where the Government puts in place a scheme whereby the Council will be fully compensated for the loss of rates yield arising from an award of discretionary rate relief, awards of relief shall be made in accordance with the guidance issued for the scheme unless there is a decision of the Council to the contrary.

For 2025/26 the following schemes are in place:

- Supporting Small Business relief
Details can be found at <https://www.gov.uk/government/publications/business-rates-relief-2023-supporting-small-business-relief-local-authority-guidance>
- Retail, Hospitality & Leisure Relief
In November 2024 the government announced that the Retail, Hospitality and Leisure (RHL) scheme will be extended into 2025-26, retaining the existing scope and providing eligible properties with 40% relief, up to a cap of £110,000 per business. Guidance on the 2025/26 scheme can be found at <https://www.gov.uk/guidance/business-rates-relief-202425-retail-hospitality-and-leisure-scheme>

Length of award

Any other awards using s47 powers will be for 12 months or up to the maximum period of time stipulated by central government or the locally defined scheme, whichever is the earliest

Application process

Application should be made in accordance with the guidance provided by central government at the time or in line with the locally defined application procedures.

Applications will be refused where insufficient information has been provided to enable a determination to be made.

Appendix 1 - Guidelines for awards to Charities and other Organisations

Guidelines for awards to Charities and other Organisations		Mandatory Relief	Discretionary Relief (Up to a maximum)	Total Relief (Up to a maximum)
1	Properties occupied by Charitable bodies and the property is wholly or mainly used for charitable purposes (1, 2)	80%	20%	100%
2	Organisations which are registered with HMRC as Community Amateur Sports Clubs (CASCs).	80%	20%	100%
3	Charitable bodies that run educational establishments including nurseries , voluntary aided, Foundation Schools, and Academy schools and that are eligible for 80% mandatory rate relief.	80%	Nil	80%
4	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%	Nil	80%
5	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. (3)		100%	100%
6	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. (3)		100%	100%
7	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. (3)		100%	100%

(1) Charitable bodies covers both registered charities and bodies established for charitable purposes (e.g not for profit or Community Interest Companies which have been established for charitable purposes) and who qualify under the definition under s43 and s47 of LGFA. The property must be used wholly or mainly for charitable purposes.

(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.

(3) Where the property is occupied by the Not for Profit organisation a cap of 80% may be put upon the relief awarded to Not for Profit organisations where it appears from the financial accounts that the organisation has sufficient financial resources to pay the rates liability

Appendix 2 – List of Rural Settlements for the purpose of S.42A Local Government Finance Act 1988 as at 31 December 2024

Astwood
Bow Brickhill
Calverton
Castlethorpe
Chicheley
Clifton Reynes
Cold Brayfield
Emberton
Gayhurst
Hardmead
Lathbury
Lavendon
Little Brickhill
Moulsoe
Newton Blossomville
North Crawley
Ravenstone
Sherington
Stoke Goldington
Tyringham & Filgrave
Warrington
Weston Underwood



Milton Keynes
City Council