

NATIONAL NON-DOMESTIC RATING - DISCRETIONARY RATE RELIEF

1 SUMMARY

- 1.1 This report refers to three applications for discretionary business rate relief in accordance with Section 47 Local Government Finance Act 1988.

2 INTRODUCTION

- 2.1 Members are reminded that local authorities have discretionary powers to grant relief from the Business Rate Liability at any level between 1% and 100%.
- 2.2 Any relief so granted is funded 75% from the Government Rate Pool and 25% locally from Council Taxpayers.
- 2.3 Discretionary relief is designed primarily for voluntary and other non profit making organisations. The legislation describes these organisations as not being established or conducted for profit and whose main objects are charitable or are otherwise philanthropic, religious, concerned with education, social welfare, science, literature or the fine arts, or has premises used for the purposes of recreation, a club, society or other organisation.
- 2.4 In 1989 the Government issued national guidelines and current Council policy has followed these guidelines.

3 ESSEX ROCHFORD AND DISTRICT 4 X 4 CLUB, CREEKSEA FERRY ROAD, CANEWDON

- 3.1 The above Club have made application for relief from their business rate liability.
- 3.2 They have since 15 May 1999 used, and have been charged business rate on a parcel of land, now known as the Rochford off-road centre in Creeksea Ferry Road.
- 3.3 The Club informs us that they first formed in 1990 with a few Landrover enthusiasts practising their off-road driving skills.
- 3.4 They have obtained this Council's permission to use the site for 14 meets per year for which they pay a local farmer £117.50 per meeting.
- 3.5 The Valuation Officer has only during the current fiscal year assessed the Rateable Value on the land used by the Club and we are informed

that had they been aware "last year" that they would be liable for rates they would have increased their membership fees to allow for this. Unfortunately, this was not the case and they do not at present have the money to pay the business rate charge in full.

- Rateable Value £1,200
- Rate Charge 1999/2000 £506.76
- Rate Charge 2000/2001 £553.22
- Rochford Sports Council Membership No. The Club have been informed that membership must be obtained before relief is granted.
- Membership open to all sections of the community Yes
- Total membership 16 male, 4 female
- Percentage of membership within the Rochford District Council area 90%
- Membership annual subscription £20

3.6 The Head of Service is of the opinion that 50% discretionary relief should be granted from 15 May 1999.

3.7 The cost of the relief to the General Fund would amount to £265.

4 ROCHFORD HUNDRED RUGBY FOOTBALL CLUB, MAGNOLIA ROAD, ROCHFORD

4.1 Following a report to the Committee on 21 July 1998 (Minute 349/98) the Committee agreed to withdraw the 50% discretionary rate relief for this Club with effect from 1 April 1999.

4.2 The relief was withdrawn because of continued trading profits and a substantial capital fund.

4.3 The Club whilst appreciating the reasons for the withdrawal of the discretionary relief have now submitted a request that their relief be reinstated and have listed the following reasons for their request:-

- Their surplus during 1998 amounting to £23,000 only accrued because of the fundraising efforts of many of their club members.
- These surpluses were accrued to finance much needed refurbishment work to the clubhouse and grounds.
- During 1998/99 their bar income, being a major source of income, reduced from £46,776 in 1997/98 to £38,233 in 1998/99.

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- Their youth sides, who pay low membership fees, whose ages vary between 7 and 19 are still supported by the club and there has been an increase in investments since 1998 in their youth policy.
 - The extra burden of rates amounting to £2,643 during 1999/2000 and £2,538 during 2000/2001 is proving very difficult for the club to finance.
 - The 1998/99 accounts show a loss on trading of almost £12,000.
- 4.4 Having studied the club's accounts for 1998/99 the Head of Service can report that as stated above their trading account shows a loss of £11,918 during the year. Whilst they still have a large accumulated capital reserve because of the assets owned by the club, their current working balances are minimal.
- 4.5 The Head of Service is of the opinion that the discretionary rate relief should be reinstated with effect from 1 April 2000.
- 4.6 If discretionary rate relief is granted from 1 April 2000 the cost to the Council's general fund for the year would amount to £1,270.

5 WESTCLIFF RUGBY FOOTBALL CLUB, THE GABLES, AVIATION WAY

- 5.1 As with the Rochford Rugby Club, following a report to the Committee on 21 July 1998 (Minute 349/98) the 50% discretionary rate relief was withdrawn with effect from 1 April 1999.
- 5.2 The relief was withdrawn because only 25% of the membership resided within the Rochford District and their accounts showed a substantial capital fund.
- 5.3 The 25% membership situation is, according to the club, unfortunate because their ground and buildings are situated on the Southend side of the Rochford District with many members living in Southend. In fact the Southend Borough Council owns the ground and charge rent for its use.
- However, this situation has always been reflected in the fact that the relief granted has always been 50% along with other similar clubs in the District.
- 5.4 The club are now appealing for the discretionary relief to be reinstated and list the following reasons:-
- The club is continually trading at a loss or a very small profit, and is not a strong profit making institution.

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- They like many clubs are suffering from the lack of members which obviously have an affect on their income.
 - They have an extremely large youth membership which relies on the senior club for financial support.
 - The extra rate costs have affected the running the their club and could have a detrimental effect on the future of their youth policy. They stress that their youth policy is “their future”.

5.5 Having studied the club’s accounts for the year ending 31 December 1998 (being the last published accounts) the Head of Service can report that their trading accounts show a loss of £891 during the year. Whilst they still have substantial accumulated capital reserves as they own the freehold of the premises, their current working balances are minimal with large creditor debts accruing.

They have also needed to obtain secured debts by way of bank loans and overdrafts to continue trading.

5.6 The Head of Service is of the option that 50% discretionary rate relief should be reinstated with effect from 1 April 2000.

5.7 If discretionary rate relief is granted the cost to the Council’s general fund for the year 2000/2001 would be £1,174.

6 RESOURCE IMPLICATIONS

6.1 If discretionary rate relief is granted, for which there is budget provision, to the three clubs reported upon the costs to the general rate fund would be as follows:-

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| • Essex Rochford and District 4 x 4 Club | - | £265 |
| • Rochford Hundred Rugby Football Club | - | £1,270 |
| • Westcliff Rugby Football Club | - | £1,174 |

7 LEGAL IMPLICATIONS

7.1 Section 47 Local Government Finance Act 1988 provides Local Authorities with the powers to reduce or remit the Business Rate liability.

8 PARISH IMPLICATIONS

8.1 If relief were granted it may help to ensure that the three clubs concerned would survive in the local community.

9 RECOMMENDATION

It is proposed that the Committee **RESOLVES**

That discretionary rate relief be granted to the following clubs:-

- Essex Rochford and District 4 x 4 Club - 50% relief with effect from 15 May 1999
- Rochford Hundred Rugby Club - 50% relief with effect from 1 April 2000.
- Westcliff Rugby Football Club - 50% relief with effect from 1 April 2000

S J Clarkson

Head of Revenue & Housing Management

Background Papers:

Local Government Finance Act 1988. Application Forms from the Clubs concerned.

Accounts from the Clubs concerned.

For further information please contact M D Worship on (01702) 546366