
NATIONAL NON-DOMESTIC RATE – DISCRETIONARY RATE RELIEF

1 SUMMARY

- 1.1 This report seeks approval for a revised scheme for determining the level of discretionary rate relief to be awarded, the period of the award and the procedure for the granting of the relief.
- 1.2 The review is part of a raft of procedural reviews being undertaken to achieve efficiency savings within the Revenues and Benefits Section.

2 INTRODUCTION

- 2.1 Discretionary relief may be awarded either:-
 - (a) as a top up to mandatory relief granted to charities, community amateur sports clubs, qualifying rural business and businesses in former agricultural premises; or
 - (b) on its own to other specified businesses and non profit making organisations

3 CHARITIES

- 3.1 Where the property is occupied by a charity and used for charitable purposes the ratepayer will already be receiving 80% mandatory rate relief.
- 3.2 Discretionary relief may be awarded on all or part of the remaining 20%.
- 3.3 The Council's current policy is to award the full 20% discretionary relief to organisations representing Scouts, Guides or Youth Activities; the provision of welfare in the community and the provision of Village or Community Halls.
- 3.4 In addition it is proposed that any application, which is received from an organisation other than those mentioned in 3.3, is to be looked at on its merits. An individual assessment of the service/facilities provided and benefit to the local community will be made.

4 NON-PROFIT MAKING ORGANISATIONS

- 4.1 Discretionary rate relief may also be awarded where a property is:-
 - (a) occupied by an institution or organisation not established or conducted for profit and whose main objects are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or

- (b) used for the purposes of a club, society or other organisation not established or conducted for profit.

- 4.2 Latest Government guidance on what should be taken into consideration is shown at Appendix 1.
- 4.3 Based on this guidance an assessment system for determining discretionary relief for non-profit making organisations has been developed. This can be found at Appendix 2.
- 4.4 In addition the financial status of the applicant organisation will be taken into account and this may adjust the final level of award.

5 COMMUNITY AMATEUR SPORTS CLUBS

- 5.1 In 2001 the Charity Commission announced revised criteria for the charitable status of certain sports club. Clubs which meet the criteria are eligible for 80% mandatory relief.
- 5.2 Discretionary relief is also, therefore, available to such clubs.
- 5.3 Guidance issued by the Office of the Deputy Prime Minister in December 2002, shown at Appendix 3, is used to determine the level of relief. This is an updated version of that guidance referred to in 4.2 above.

6 CHARITY SHOPS

- 6.1 A premises is treated as being wholly or mainly used for charitable purposes if it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods (after any deduction of expenses) are applied for the purposes of the charity.
- 6.2 Consequently, charity shops fall within the scope of discretionary rate relief. However, following a report to the Finance and General Purposes Committee on 31 March 1998 (minute (158/98) it was resolved that discretionary relief would no longer be awarded to Charity Shops with effect from 1 April 1999. Any relief granted at that time was withdrawn from that date. This decision was made in the light of strong representations made by the local Chambers of Trade who saw charity shops as having an unfair trading advantage.
- 6.3 It is proposed that this criteria continues and no discretionary relief be awarded to charity shops.

7 PROPERTIES IN RURAL SETTLEMENTS

- 7.1 A rural settlement is a settlement which is:-
 - (a) wholly or partly within the Authority's area;

- (b) has a population of no more than 3,000 on 31 December immediately before the financial year in question; and
- (c) is in an area designated for that purpose.

7.2 Discretionary Relief may be awarded in the following circumstances:-

- (a) As a top up to those qualifying properties namely public houses, petrol stations, general stores, post offices and rural food shops, which receive 50% mandatory relief, up to 100% of the liability
- (b) As discretionary only up to 100% of the liability, for any other business where the rateable value does not exceed £14,000.

7.3 When awarding the relief the Council must be satisfied that:-

- (a) the property is used for purposes which are of benefit to the local community, and
- (b) it would be reasonable to award the relief having regard to the interests of the Council Tax payers of the district.

7.4 Guidance from the Government suggests that each case should be considered on its own merits.

8 FORMER AGRICULTURAL PREMISES

- 8.1 Premises which were formerly agricultural premises and have a rateable value of less than £7,000 receive 50% mandatory relief.
- 8.2 In addition the Council has the power to award discretionary relief above the 50% mandatory level up to a maximum of 100%.
- 8.3 There is no provision for discretionary relief to be granted in the absence of qualification for the mandatory element of the relief.
- 8.4 Each case is to be considered on its own merits taking into account the type of business and its benefit to the local community.
- 8.5 There is no requirement when considering awarding this relief for the interest of Council Tax payers to be taken into account.

9 PERIOD OF AWARD

- 9.1 In previous years Discretionary Rate Relief was awarded for an indefinite period, relying on annual reviews to highlight any changes which may affect the relief. Should any change be brought to light relief could not be withdrawn or reduced immediately (see 9.2 below).

- 9.2 Under the terms of the legislation, where relief is awarded for an ongoing period, should the Council wish to revoke or vary the amount of relief this may only be made so the revocation or variation takes place at the end of a financial year. In effect, therefore, at least one year's notice is needed.
- 9.3 This report seeks to amend this procedure and to award Discretionary Rate Relief for a specific period, i.e. for a maximum of three years so as to tie in with developing corporate objectives.
- 9.4 All ratepayers who have been receiving discretionary relief were given the appropriate notice that their relief would cease on 31 March 2005 and they would need to re-apply for the relief from 1 April 2005.

10 PROCEDURE FOR GRANTING RELIEF

- 10.1 Under the current policy all applications for Discretionary Rate Relief are referred to this committee for approval based on officers recommendations.
- 10.2 This report seeks approval for decisions on Discretionary Rate Relief to be delegated to the Corporate Director (Finance and External Services). Awards to be made in line with the criteria set out in this report which generally are structured to tie in with the Council's Corporate Objectives. This will have the effect of confining Committee decisions to policy only, and not to individual cases.
- 10.3 This delegation would fall into line with the Council's Constitution, Part 3, Scheme of Delegation to Officers. In addition, at a recent meeting of the Policy and the Finance Committee (8 March 2005) the Grants criteria was referred to Finance and Procedures Overview and Scrutiny Committee to ensure that grants awarded were in accordance with Corporate Objectives. The outcome of that review should dovetail into the decision making process on NNDR Reliefs and any award criteria influenced by the findings of that Committee.
- 10.4 Where there is a case which falls outside the criteria in this report, or is felt to warrant special consideration, this would be referred to this committee for approval.

11 RESOURCE IMPLICATIONS

- 11.1 In respect of Charities, Community Amateur Sports Clubs, non profit making organisations and rural properties, where Discretionary Relief is awarded in addition to Mandatory relief, 75% of the Discretionary Relief is borne locally. Where only Discretionary Relief is awarded 25% of the relief is borne locally.
- 11.2 In respect of former agricultural premises, 25% is borne locally.

12 LEGAL IMPLICATIONS

- 12.1 The legislation which provides Local Authorities with the power to award discretionary rate relief is as follows:-

For charities, community amateur sports clubs and other non-profit making organisations

Local Government Finance Act 1988

For properties in rural settlements

Local Government Finance and Rating Act 1997

For former agricultural premises

Rating (Former Agricultural Premises and Rural Shops) Act 2001

13 MEMBER CONTACT

- 13.1 In view of the complex nature of Business Rate generally, and reliefs specifically, the Head of Service would appreciate early contact if Members have individual cases for discussion.

14 RECOMMENDATION

- 14.1 It is proposed that the Committee **RESOLVES**

- (1) That Discretionary Relief be awarded based on the criteria set out in this report.
- (2) That Discretionary Relief should be awarded for a fixed period for no longer than three years.
- (3) That authority to award Discretionary Relief be delegated to the Corporate Director (Finance and External Services).
- (4) That any case which the Corporate Director (Finance and External Services) considers includes circumstances not covered by the criteria set out in this report, be referred to Policy & Finance Committee for decision.

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Background Papers:

None

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APPENDIX 1

GUIDANCE

The Government have asked local authorities to have regard to the following criteria:

(a) Access

- (i) Is membership open to all sections of the Community?
There may be legitimate restrictions placed on a membership, which relate, for example to ability in a sport or to the achievement of a standard in the field covered by the organisation. Clubs or organisations should not be considered if they have membership rates set at such a high level as to exclude the general community. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principles of open access.
- (ii) Does the organisation actively encourage membership from particular groups in the community, for example young people, women, older age groups, persons with a disability, ethnic minorities etc?
An organisation which encouraged such membership might expect more sympathetic consideration than one which made no effort to attract members from groups which the authority considered to be particularly deserving of support.
- (iii) Are the facilities made available to people other than members e.g. schools, casual public sessions?
The wider use of facilities should be encouraged, and rate relief might be one form of recognition that an organisation was promoting its facilities more widely.

(b) Provision of Facilities

- (i) Does the organisation provide training or education for its members?
Are there schemes for particular groups to develop their skills e.g. young people, the disabled, retired people. An organisation providing such facilities might deserve more support than one which did not.
- (ii) Have the facilities available been provided by self help or grant aid?
The fact that a club uses or has used self help for construction or maintenance or had facilities funded by grant aid might be an indicator that they were more deserving of relief.
- (iii) Does the organisation run a bar?
The mere existence of a bar should not in itself be a reason for not granting relief. The authority should look at the main purpose of the organisation. In sports clubs, for example the balance between playing

and non playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A social club whose main aim is to bring together people with similar interest should not be excluded from relief just because of the existence of a licensed bar.

- (iv) Does the organisation provide facilities which indirectly relieve the authority of the need to do so, or enhance and supplement those which it does provide?

Authorities should not refuse relief on the grounds that an organisation is in competition with the authority itself, but should look at the broader context of the needs of the community as a whole. Provision of facilities to meet a new need, not being provided by the authority itself but identified as a priority for action, might be a particularly deserving of support.

(c) Other considerations

- (i) Is the organisation affiliated to local or national organisations, eg local sports or arts councils, national representative bodies?

i.e. are they actively involved in local/national development of their interests?

- (ii) Is the membership drawn from people mainly resident in the charging authority's area?

Authorities may wish to add further criteria or substitute relevant criteria which are appropriate to the furthering of their policies and the needs of the community, such as development programmes. They should also bear in mind the need to encourage new activities in the wide range of organisations for which relief from rates is available.

APPENDIX 2

Assessment System for Discretionary Relief for Non-Profit making Organisations

ITEM	POINTS ALLOCATION			SCORE
Membership				
	<u>1-100</u>	<u>101-150</u>	<u>151+</u>	<u>Max</u>
(a) Total Nos.	1	1	2	2
(b) Participating Nos.	1	1	3	3
(c) Social Nos	1	1	1	1
	<u>1-30%</u>	<u>36-60%</u>	<u>61-100%</u>	
(d) Juniors	1	2	3	
(e) Disabled	1	2	3	6
(f) Retired	1	2	3	
(g) Cost of Membership (*with no restriction)	<u>£50+</u> -2	<u>£0-£49</u> 1	Free* 10	10
(h) Membership from particular groups actively encouraged	<u>Young People</u> 7	<u>Disabled</u> 7	<u>Other</u> 4	18
Facilities				
Facilities provided by self help	<u>0-50%</u> 0	<u>51-85%</u> 5	<u>86-100%</u> 10	7
Facilities provided by grant aid		2		2
Training/Education or Coaching opportunities				
-for new members		3		3
-for existing members		3		3
-for particular groups		5		5
Facilities provided by Rochford DC	<u>4+</u> 0	<u>1-3</u> 5	<u>0</u> 10	10

ITEM	POINTS ALLOCATION				SCORE
Other Considerations					
Organisation affiliated to local or national organisations	10				10
Percentage of membership drawn from local people resident in the area	<u>0-33%</u> 2	<u>34-66%</u> 5	<u>67-85%</u> 7	<u>86-100%</u> 10	
Do the aims of the organisation dovetail with the Corporate Objectives	10				

The number of points scored equate to the following % amount of relief:

Points	%
1-10	= 10%
11-20	= 20%
21-30	= 30%
31-40	= 40%
41-50	= 50%
51-60	= 60%
61-70	= 70%
71-80	= 80%
81-90	= 90%
91-100	= 100%

APPENDIX 3

Sports Clubs – Guidance (December 2002)**Access to Clubs**

Memberships should be open to all sections of the community. However there may be reasonable restrictions placed on membership which relate for example, to ability in a sport or to the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited, but in general membership should not be exclusive or restrictive.

Membership rates should not be set at such a level as to exclude the general community. However, membership fees may be payable at different rates that distinguish the different classes of membership such as junior, adults, students, pensioners, players, non-players, employed and unemployed. In general, the club must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.

Does the organisation actively encourage membership from particular disadvantaged or under represented groups in the community eg young people, women, older age groups, persons with disabilities, ethnic minorities etc? An organisation that encouraged such membership might justify more sympathetic consideration than one which made no effort to attract members from groups particularly deserving of support.

Are the facilities made available to people other than members eg schools, casual public sessions? The wider use of facilities should be encouraged and rate relief might be one form of recognition that an organisation was promoting its facilities more widely.

Provision of Facilities

Does the organisation provide training or education for its members? Are there schemes for particular groups to develop their skills eg young people, the disabled, retired people? An organisation providing these facilities might deserve more support than one that did not.

Have the facilities available been provided by self-help or grant aid? The fact that a club uses or has used self-help for the construction or maintenance of its facilities or has attracted grant aid, might be an indicator that they were more deserving of relief.

Does the organisation's facilities include a licensed bar? The mere existence of a bar should not in itself be a reason for not granting relief. The authority should look at the main purpose of the organisation. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A club whose main aim is to bring together people with similar sporting or recreational interests should be excluded from relief just because of the existence of a licensed bar.

Does the organisation provide facilities that indirectly relieve the authority of the need to do so, or enhance and supplement those that it does provide? Authorities should not refuse relief on the grounds that an organisation is in competition with the authority itself, but should look at the broader context of the needs of the community as a whole. A new need, not being provided by the authority itself but identified as a priority for action, might be particularly deserving of support.

Other Considerations

Is the organisation affiliated to local or national organisations eg local sports councils, county or national representative bodies? i.e. are they actively involved in local, county, national development of their interests?

Is the membership drawn from people mainly resident in the billing authority's area?

Are members paid to participate? Authorities should consider whether to grant relief where payments or other significant benefits are provided to players. Exceptions could include for example the reimbursement of reasonable travel expenses for players or officials and reasonable provision and maintenance of club owned equipment necessary for playing the sport. Authorities may choose to look favourably on clubs whose paid players contribute more to the club than just playing, eg by coaching younger members.

Authorities may wish to consider the extent to which the activities of the club contribute to a local or regional community strategy and or authority objectives for building neighbourhood identity, community building or social inclusion.