Executive

Discretionary Rate Relief for Charities, Community Amateur Sports Clubs and 'Not for Profit' Bodies (for National Non Domestic Rates)

1 November 2010

Report of Head of Finance

PURPOSE OF REPORT

Section 47 of The Local Government Finance Act 1988 gives the Council discretionary power to reduce or remit business rates for Charities, Community Amateur Sports Clubs and 'not for profit' bodies. The purpose of this report is to agree an up to date policy which sets guidelines for considering applications and to give delegated authority to award relief. It is important that we ensure that all ratepayers making applications for this relief are treated in a fair, consistent and equitable manner.

The report outlines the :

- Legislation requirements of the award of discretionary relief
- Criteria for discretionary relief
- Financial implications of awarding discretionary relief

This report is public

Recommendations

The Executive is recommended:

- (1) To consider the discretionary scheme outlined in this report.
- (2) To approve the proposed Discretionary Relief policy framework to be adopted forthwith and be reviewed on an annual basis. (Appendix A)

Executive Summary

Introduction

1.1 The Local Government Finance Act 1988 and associated Regulations gives

the Council a discretionary power to award rate relief under Section 47 in respect of the National Non-Domestic Rate (NNDR). The NNDR is also referred to as "business rates". The Council has 4,409 NNDR payers with a net collectable debit of £64,728,413.

- 1.2 Registered Charities and community amateur sports clubs are already entitled to 80% mandatory rate relief against their rates. This legislation allows the Council discretion to top the relief to 100%. The Council also has the discretion to award 100% rate relief to organisations which do not operate for profit and whose objectives are mainly charitable, philanthropic, religious or concerned with social welfare. The relief can be awarded for either occupied or unoccupied premises
- 1.3 There is a cost to the Council's General Fund, and therefore to the local Council Taxpayers, in awarding discretionary relief and the Council must give due consideration to the interests of local residents when making awards.
- 1.4 By reducing the rate burden on business and organisations, rate relief can play an important role in ensuring the existence of local employment and community facilities and contribute towards the Council's Corporate Objectives.
- 1.5 The Council has a legal obligation to consider each request for relief and must come to a reasonable decision. Both the Government and the Audit Commission have issued guidance for Council's to follow when considering awards. That advice indicates that Council's must not adopt a blanket policy regarding awards, and must consider the individual merit of each request. However, it is reasonable, and considered good practice, to set criteria against which applications can be measured.

Proposals

- 1.6 Customers wishing to apply for this relief should be encouraged to do so using the council's approved application form however any application in writing holding all the relevant details will be considered.
- 1.7 The policy, once it has been agreed by the Executive, will ensure that all ratepayers making applications for this relief are treated in a fair, consistent and equal manner.
- 1.8 This policy;
 - (a) Sets guidelines for the factors that should be considered when making a decision to award or refuse relief
 - (b) Establishes a framework to ensure applications are dealt with in an efficient manner.
 - (c) Sets out the delegated authority to award relief in appropriate circumstances.
 - (d) Establishes an appeals procedure for organisations that are dissatisfied with the Council decision.

(e) Seeks to safeguard the interest of local taxpayers by ensuring that funds allocated for the award of discretionary rate relief are used in the most effective and economic way.

Council Policy Guidelines for Discretionary Relief

- 1.9 Any decision must be balanced against the wider interests of the council tax payers of the District.
- 1.10 There must be proof that the organization meets the mandatory requirements for relief or is a 'not for profit' body.
- 1.11 Evidence must be provided to support the application.
- 1.12 A copy of the previous two years audited accounts for the organisation should be provided.
- 1.13 The amount of rates that will be remitted will depend upon the circumstances of each case.
- 1.14 Applications will be effective for either a specific period of time or open ended depending on each applicant's circumstances. Relief will be withdrawn on the closure of the organization or a change in its objectives or status.
- 1.15 The purpose of this policy is to support local businesses and organizations in the community.
- 1.16 Authority to award this relief is delegated to the Service Assurance Manager, Head of Finance or Executive on appeal.
- 1.17 75% of the 20% 'top up' relief if funded by the Council.
- 1.18 25% of any other discretionary relief is funded by the Council.

Conclusion

1.19 In the current economic climate it is important that we support the local business community and that we do so in a transparent and equitable way that can be financially justified.

Key Issues for Consideration/Reasons for Decision and Options

- 1.20 The policy has not been reviewed since 1992.
- 1.21 There are substantial budgetary implications to the award of this relief.
- 1.22 The following options have been identified. The approach in the recommendations is believed to be the best way forward.
- **Option One** To agree the recommendations as set out in the report
- **Option Two** To amend the recommendations

Option Three	Not to agree the recommendations
Implications	
Financial:	Granting applications under this report will have an effect on the Councils finances and must be considered in making an award of discretionary relief. The 2010/11 budget is £138,088 and to date we have utilised £114,526 and would expect to use the full budget by the end of the financial year.
	Comments checked by Eric Meadows, Service Accountant, 01295 221552.
Legal:	This policy meets the requirements of the Local Government Finance Act 1988
	Comments checked by Pam Wilkinson, Principal Solicitor, 01296 221688
Risk Management:	Failure to agree this policy could lead to local businesses being unable to trade or the decisions made being challenged on equity.
	Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221556.

Wards Affected

All

Corporate Plan Themes

Cherwell, A District of Opportunity

Executive Portfolio

Councillor James Macnamara, Portfolio Holder for Resources and Communication

Document Information

Appendix No	Title
Appendix A	Business Rates Discretionary Rates Policy
Background Papers	
The Local Government Finance Act 1988	
Report Author	Karen Curtin, Head of Finance
	Lauretta Vitalis, Service Assurance Manager
Contact	01295 221861/7011
Information	Lauretta.vitalis@Cherwell-dc.gov.uk