

DISCRETIONARY RATE RELIEF

Cabinet – 6 February 2014

Report of the: Chief Finance Officer

Status: For Decision

Key Decision: No

Executive Summary: The Council has historically reviewed the allocation of discretionary rate relief every two years. Whilst ratepayers are still asked to submit a formal application every two years, in view of the changes brought about by business rate retention, the proposals for awarding relief are to be reported annually. On that basis, this report sets out the proposals for awarding discretionary rate relief for 2014/15.

This report supports the Key Aims of: Supporting and developing the local economy and providing value for money

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Recommendation to Cabinet: Members are asked to approve the proposals for granting relief from business rates for 2014-2015 set out in Appendix B to the report.

Reason for recommendation: Relief from business rates provides organisations with valuable support and contributes to the Council's commitment to supporting and developing the local economy.

Background

- 1 Charities and sports organisations that have charitable status currently receive 80% mandatory relief. In order to qualify for the mandatory relief the organisation must be established for charitable purposes only and the premises must be wholly or mainly used for charitable purposes. Sports clubs registered with HMRC as community amateur sports clubs are also entitled to 80% mandatory relief.

Certain types of business in rural villages may qualify for 50% mandatory rate relief subject to the rateable value of the property being under specified limits.

- 2 Section 47 of the Local Government Finance Act 1988 (as amended by s69 of the Localism Act 2011) provides local authorities with powers to grant discretionary rate relief of up to 100% to any ratepayer.
- 3 Discretionary rate relief can be awarded in isolation or given to ‘top-up’ a mandatory award.
- 4 However, unless one of the following apply, authorities may only grant discretionary rate relief if satisfied that it would be reasonable to do so, having regard to the interests of the council tax payers:
- The ratepayer is a charity or trustees for a charity, and the property is wholly or mainly used for charitable purposes; or
 - The ratepayer is a community amateur sports club and the property is wholly or mainly used for the purpose of the club and other such clubs; or
 - The ratepayer is entitled to mandatory rural rate relief; or
 - All or part of the property is occupied by non-profit making organisations whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
 - The property is occupied by a club, society or other non-profit making organisation and it is wholly or mainly used for purposes of recreation.
- 5 Authorities should have easily understood guidelines for deciding whether or not to grant relief and for determining the amount of relief which should be based on the consideration of the merits of each individual case. However, as the range of bodies that may be eligible for discretionary rate relief is wide, not all the suggested criteria will be applicable in each case.

Introduction

- 6 The Council currently grants discretionary rate relief over the following categories:
- Discretionary rate relief up to 100% of rates bill (but usual award is 80%);
 - Village Shop rate relief at 50% of rates bill;
 - Hardship relief up to 80% of rates bill; and
 - Discretionary ‘top-up’ relief to take total relief up to 100% of the rates bill.
- 7 Members reviewed the criteria for granting discretionary rate relief to charities, not for profit organisations, discretionary rural rate relief and hardship relief in February 2013 and this is attached at Appendix A.
- 8 Applications from ratepayers falling outside of these criteria will be considered on their merits and individual recommendations will be made having regard to the interests of the District’s council tax payers.

Approach taken to reviewing applications

- 9 The full list of applications, together with officer recommendations, is attached at Appendix B. Each application has been considered on its own merits, however in reviewing applications against the criteria, similar organisations were considered together, to ensure consistency of approach.
- 10 The criteria was applied as follows for discretionary rate relief and discretionary top-up relief:
- Links to Council priorities – the extent to which the activities supported the Council’s priorities was assessed, including support/activities for vulnerable or socially excluded groups.
 - Evidence of financial need including reserve levels and assets – all organisations were requested to provide financial information and reserve levels were compared to annual expenditure, to assess financial need. The ability to generate income was also considered. In addition, for sports clubs, consideration was given to whether they had applied to become community amateur sports clubs (CASCs).
 - Membership within the District – where it appeared that a substantial proportion of the membership was from outside the District, this was taken into account in putting forward a recommendation.
 - Membership open to all – where membership is restricted to a particular group or locations, or is dependent on recommendations from existing members this has been taken into account, as not all residents would be able to benefit from the relief granted.
 - Membership fee levels – fee levels were assessed to consider whether they were so high that they could exclude some in the local community.
 - Bar activity and profits – if the bar is the main activity an organisation was unlikely to be recommended for relief. Any profits are expected to be used to fund club expenses.
- 11 For discretionary village shop relief, officers considered the benefits of the shop/business to the local community when compared with the cost of the relief. It is recommended that the village shops receive relief due to the benefit they provide to local communities.
- 12 Where a ratepayer receives 100% small business rate relief no recommendation has been made in respect of discretionary rate relief or village shop relief, since the businesses already receive maximum support.
- 13 There is no formal appeals process against the Council’s decisions on the discretionary reliefs referred to in this report. The current approach is however to re-consider decisions in the light of any representations made by the ratepayers.

Applications for 2014/2015

- 14 Appendix B contains the details of each applicant to be considered for relief for 2014/2015 and detailed recommendations of the level of relief to be applied.
- 15 All applicants fall to be considered under the criteria set out in Appendix A.
- 16 The level of relief is based upon the provisional multipliers announced on 6 December 2013 which are subject to confirmation. In the unlikely event that the multipliers change, a further report setting out the revised relief awards will be submitted.
- 17 If applications are approved, the total gross relief granted would be £159,919.
- 18 Members should be aware that the requirement for relief can change during the financial year as a result of rateable value changes, vacations etc. Therefore, some of these awards may not ultimately require full funding.

Key Implications

Financial

Since 1 April 2013 all discretionary relief granted has come under the provisions of the business rate retention scheme. The cost of relief is effectively shared between Central Government (50%), and local authorities (50%). Of this Sevenoaks is required to fund 40%.

When setting the business rates baseline for 2013/14, the Government broadly used the existing levels of discretionary relief. Because of the operation of the levy and safety net on the business rate retention scheme it is not possible to say exactly what the actual effect of granting the relief will be and it may vary between years. For example if the Council was already at the safety net then granting additional relief would have no direct impact for that year, but would as soon as the Council moved out of the safety net.

Therefore Appendix B only refers to the projected gross discretionary rate relief.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

New organisations may request relief after the deadline for receipt of applications and so would not be able to receive discretionary relief until the next annual review. In order to address urgent cases it is proposed that the Chief Finance Officer determines any relief to be awarded under delegated authority. These organisations would then apply in the usual way for the next round.

A biennial application process may seem to be an additional burden for businesses, many of whom are small. Officers have taken account of this in designing the application process so as to minimise the administrative burden on applicants.

Equality Impacts

| Consideration of impacts under the Public Sector Equality Duty: | | |
|---|--------|--|
| Question | Answer | Explanation / Evidence |
| a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community? | No | This approach provides equality of access to discretionary relief, due to clear criteria for the award of relief and consideration of all applications at the same time. |
| b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity? | Yes | |
| c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above? | | |

Appendices

Appendix A – Policy for considering applications for Discretionary Rate Relief

Appendix B – List of organisations proposed to receive relief

Background Papers:

None

Adrian Rowbotham
Chief Finance Officer