

NATIONAL NON DOMESTIC RATES – DISCRETIONARY RATE RELIEF FOR CHARITIES AND KINDRED ORGANISATIONS

(Report by the Head of Revenues Services)

1 PURPOSE

- 1.1 The purpose of this report is to advise the Cabinet of the legislation on Discretionary Rate Relief and to propose a new policy and new delegation arrangements.

2 LEGISLATION

- 2.1 S43 of the Local Government Finance Act 1988 allows for 80% mandatory relief from national non-domestic rates for charities and kindred (philanthropic) organisations.
- 2.2 S47 of the same act permits a billing authority to grant discretionary rate relief to charities and other organisations of prescribed types. Relief may be awarded whether the property is occupied or not.
- 2.3 The conditions to be satisfied before the authority can consider an application with regard to an occupied property are that;-
- (a) the ratepayer is a charity or trustees for a charity, and the property is wholly or mainly used for charitable purposes; or
 - (b) the property is not an “excepted property” (premises occupied by a billing or precepting authority), and all or part of it is occupied for the purposes of one or more institutions or other organisations, none of which is established or conducted for a profit and each of whose main objects are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
 - (c) the property is not an excepted property, it is wholly or mainly used for the purposes of recreation, and all or part of it is occupied for the purpose of a club, society or other organisation not established or conducted for profit.
- 2.4 The conditions to be satisfied before the authority can consider an application with regard to an unoccupied property are that it shall be treated as wholly or mainly used for charitable purposes if it appears that, when next in use, it will be.

3 BACKGROUND

- 3.1 In January 1996, the Finance & General Purposes Committee approved a new list of organisations qualifying for Discretionary Rate Relief for a three year period or until there was a material change in circumstances in qualifying organisations.

- 3.2** This approval has been relied on since then to grant Discretionary Rate Relief to organisations, using the assessment criteria approved at the time. The criteria, which are set out at Appendix A, are complicated and need to be updated each year to reflect changes in prices. They also involve a degree of subjectivity, as the dispute in relation to the application from Brampton Park Golf Club dealt with elsewhere on this agenda has shown. Delegation under the Constitution is currently to the Director of Commerce & Technology, Head of Revenue Services and Local Taxation Manager. There is no specified right of appeal.
- 3.3** As the policy has not been reviewed since 1996, it is felt that it should be reviewed to assess whether it still meets the Council's objectives and complies with new legislation.
- 3.4** Charities and Community Amateur Sports Clubs receive 80% mandatory relief. That relief is funded in its entirety by deduction from the Authority's contribution to the National Non-Domestic Rates pool ("the pool").
- 3.5** In these cases, Billing Authorities may award discretionary relief of up to all of the remaining 20% payable. The cost to the Authority of this 'top up' discretionary relief is 75% of the discretionary relief awarded. The remaining 25% is deducted from the contribution to the pool. There is currently no specific policy as to what criteria should be used to decide whether relief should be given.
- 3.6** The legislation further provides that other non-profit-making organisations which meet the criteria set out in paragraph 2.3 (above) can be awarded Discretionary Rate Relief up to 100% of their rate liability. The cost to the Authority of discretionary relief to these organisations is 25% of the relief given, the remaining 75% being deducted from the Authority's contribution to the pool.

4. CURRENT COST TO THE COUNCIL

- 4.1** The Charities currently in receipt of discretionary top-up relief are shown in Appendix B, and the organisations currently receiving discretionary relief only are shown in Appendix C. The cost of the relief in 2005/6 is:-

	Total Discretionary Relief £	Cost to HDC £	Cost to the National NNDR Pool £
Charitable Organisations top-up (Appendix B)	1,587	1,190 (75%)	397 (25%)
Other Organisations (Appendix C)	55,645	13,911 (25%)	41,734 (75%)
Total Relief	57,232	15,101	42,131

These figures exclude Discretionary Rate Relief awarded to Rural Post Offices.

5 POLICY REVIEW AND FINANCIAL IMPLICATIONS

- 5.1 The policy needs to be changed because:
- There are no specific provisions to address top-up relief for charities
 - The assessment criteria for other non-profit-making organisations are unnecessarily complicated, need to be revised each year and include an undesirable element of subjectivity
 - The lack of a specified right of appeal is potentially in contravention of the Human Rights Act.
- 5.2 It is proposed that the scheme for relief to other non-profit-making organisations is simplified by scrapping the existing assessment mechanism and replacing it with a simple scheme based on the rateable value of the property, thereby also eliminating any subjectivity from the process. The financial impact on individual recipients of the revised scheme is shown at Appendix C, and the proposed revised policy is set out at Appendix D.
- 5.3 Existing cases were reviewed at the beginning of 2005 and the awards were granted for a period of three years so the effective date for cancellation or review would be 31st March 2008.

6 GRANT AID

- 6.1 Members may wish to note that a number of recipients of discretionary relief also received grants in 2005/6. In particular, the Huntingdon Olympic Gymnastic Club, which would lose out under the proposed policy, receives significant support from the Council towards the wages costs of the staff running the centre.

7. CONCLUSIONS

- 7.1 The current scheme and the delegation to officers are out of date and need to be revised.
- 7.2 Existing cases which will benefit from the revised scheme should have their rates account adjusted in the current year and for future years in line with the new policy.

8. RECOMMENDATION

It is recommended that:

- a) The proposed Discretionary Rate Relief policy set out at Appendix D be approved
- b) Existing cases in receipt of this relief be reviewed as required following a change in Rateable Value
- c) Existing recipients or potential recipients of Discretionary Rate Relief be advised of the new scheme and the effect on their rate accounts
- d) New cases be assessed under the new criteria
- e) The Rateable Values mentioned in the policy be reviewed on the occasion of a new rating list (every five years)
- f) The Head of Revenues Services and the Local Taxation Manager be delegated to grant relief under the policy
- g) The Director of Commerce & Technology be delegated to deal with appeals from dissatisfied applicants

ACCESS TO INFORMATION ACT 1985

Finance & General Purposes Committee minutes from January 1996

Finance & General Purposes Committee minutes from 22 June 1998

Discretionary Rate Relief files in Local Taxation office

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