

**NATIONAL NON DOMESTIC RATES – DISCRETIONARY RATE RELIEF UNDER THE LOCAL GOVERNMENT FINANCE ACT 1988 (AS AMENDED)**

**(Report by the Head of Customer Services)**

**1 PURPOSE**

- 1.1** National Non Domestic Rates are subject to a general revaluation effective from 1 April 2010.
- 1.2** The purpose of this report is to advise the Cabinet of the legislation on Discretionary Rate Relief and to update the existing policy. The opportunity has also been taken to bring all current discretionary reliefs and policies in to one consolidating document.

**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. This also applies to Community Amateur Sports Clubs (CASCs)
- 2.2** S47 of the same act permits a billing authority to grant discretionary rate relief to charities and other organisations of prescribed types. There are however funding implications of using this discretion as illustrated in 4.1 below.
- 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** S47 was amended and now also makes provision for Discretionary Relief to certain ratepayers where the property is situated in a settlement identified within the authorities “Rural Settlement List” (latest List approved by Cabinet on 17 December 2009). Furthermore the property is used for purposes which are of benefit to the local community and it would be reasonable having regard to the interest of local council taxpayers. Cabinet at it’s meeting of 20 September 2001 resolved to grant full relief (up to the 100% of the liability) for all rural Post Offices. The Council bears 25% of the cost of any of these awards.
- 2.5** S49 of the Act allows the authority discretion to give relief in the case of “Hardship” (financial or otherwise) where again it is reasonable for the Council to do so and having regards to the interests of local council taxpayers.

- 2.6** A lesser known, and differently funded, discretion is available in S44a of the Act where the authority can apply to the Valuation Officer for a certificate to grant the equivalent empty relief for a short period for “part occupied property”. There is no cost to the Billing authority in these cases.
- 2.7** There is no legal definition of ‘short period’; our current Policy was that this relief would not exceed 12 months, but owing to recent changes to the law on empty property rates in practice this has been limited since 1 April 2009 to 6 months for “industrial” property and just 3 months for all others.

### **3 BACKGROUND AND CURRENT POLICIES**

- 3.1** At its meeting of 13 October 2005 Cabinet approved a new Discretionary Rate Relief Scheme for the remaining life of the Local Rating List i.e. to 31 March 2010.
- 3.2** The Head of Customer Services and Local Taxation Manager were delegated to grant relief under this policy, and the Director of Commerce & Technology is delegated to deal with any appeals from dissatisfied applicants/ratepayers.
- 3.3** 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”).
- 3.4** In these cases (Charities and CASCs), 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. The Head of Customer Services is delegated to make decisions on these applications after considering the facts in each case.
- 3.5** 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.
- 3.6** S49 “Hardship” Relief is considered by the Head of Customer Services, again taking into account the facts of the case, and in consultation with the Executive Member for Finance.
- 3.7** S44a “Part Occupation” Relief has no cost to the authority and all cases meeting the statutory criteria are considered with the firm intention of assisting all local ratepayers.
- 3.8** “Rural Rate” Relief (S47) for local food stores, post offices, pubs, petrol stations, and other businesses are considered on their individual merits using a points system (rural post offices getting full relief as previously mentioned) and the “Rural Settlement List” is reviewed annually to ensure opportunities are optimised to help rural communities.

## 4 CURRENT COST TO THE COUNCIL

4.1 The current awards and associated costs in 2009/2010 (at 20 January 2010) are:

	Total Discretionary Relief £	Cost to HDC £	Cost to the National NNDR Pool £	Number of properties concerned
Charitable Organisations (S47) top-up relief	120	90	30	1
Other Non-profit making Organisations awarded (S47) Discretionary Relief	80,575	20,144	60,431	46
Discretionary Rural Rate Relief (S47) Relief inc Post Offices	21,177	5,294	15,883	30
S49 "Hardship" Relief	108,458	27,115	81,343	4
S44a Part Occupied Relief	42,663	0	42,663	17
<b>Total Relief</b>	<b>252,993</b>	<b>52,643</b>	<b>200,350</b>	<b>98</b>

## 5 POLICY REVIEW AND FINANCIAL IMPLICATIONS

5.1 The existing policy for discretionary reliefs has worked well since 2005 and it is proposed that only minor changes are made to Rateable Value limits necessitated by the Revaluation of the Local List effective from 1 April 2010. The proposed amounts will bring them into line with new legislative limits for other mandatory reliefs. The revised policy is shown on Appendix A. Taking account of this slight change the impact on the Budget requirements is estimated to be neutral on a like for like basis.

5.2 Each fresh application will be scrutinised to ensure that it meets all the stipulated criteria before awarding relief under the new approved policy from 1 April 2010 for a period of 5 years, or until there is a material change in circumstance.

## 6. RECOMMENDATION

It is recommended that:

- a) The proposed Policy for Charities and "Discretionary Rate Relief for Non-Profit Making Organisations" set out at Appendix A be approved for applications relating to 2010/11 onwards.
- b) The Rateable Values mentioned in the policy be reviewed on the occasion of a new rating list (every five years)
- c) The Head of Customer Services and the Local Taxation Manager be delegated to grant relief under the policy

- d) S44a “Part Occupation” relief be optimised in appropriate cases for a maximum of 12 months, but subject to prevailing legislation on unoccupied rating (i.e. currently 6 months for industrial assessments and 3 months for others. Currently properties with a Rateable Value of less than £15,000 can qualify for the full 12 months and this figure increases to £18,000 from 1 April 2010).
- e) “Rural Rate Relief” (S47) continue to be granted in appropriate cases (subject to the Rural Settlement List) and to include the provision of 100% relief for rural post offices).
- f) “Hardship Relief” (S49) to be considered by Head of Customer Services in consultation with the Executive Member for Finance on the merits of individual cases (subject to clearly meeting all legal criteria)
- g) The Director of Commerce & Technology be delegated to deal with appeals from dissatisfied applicants

**Contact Officer:**

**Julia Barber, Head of Customer Services    ☎ 01480 388105**

**Discretionary Rates Relief Policy – Charities & Non Profit Making Organisations**

1. This policy is to be used to calculate Discretionary Rates Relief for charities and kindred organisations. The Rateable Values mentioned relate to values in the 2010 Rating List.
2. Approval of up to 20% discretionary Rates Relief to top up mandatory charitable relief shall be considered for local charities, taking into consideration
  - the extent to which their activities meet the Council's corporate objectives
  - the extent to which Huntingdonshire residents benefit from their activities
  - the financial position of the applicant
  - the financial position of the District council
  - the extent to which the organisation facilitates and encourages participation and membership from all sectors of the local community.
3. Organisations which may qualify for mandatory relief under the Small Business Rates Relief scheme but have not applied for it shall be deemed to have up to 50% mandatory relief in accordance their entitlement under that scheme, and shall have their Discretionary Rates Relief calculated accordingly.
4. Qualifying organisations in occupation of premises with a Rateable Value of under £18,000 shall receive 80% discretionary relief.
5. Qualifying organisations in occupation of premises with a Rateable Value of £18,000 or more but below £25,000 shall receive 50% discretionary relief.
6. Qualifying organisations in occupation of premises with a Rateable Value of £25,000 or more shall not receive discretionary relief.
7. Unoccupied premises shall not qualify for Discretionary Rate Relief (except where provided for under the S44a provisions of the Act)
8. All applications will be considered on the merits of the individual case, and relief may be granted in exceptional cases where the rateable values exceed the above amounts.