

**POLICY & RESOURCES CABINET BOARD**

**24<sup>th</sup> JUNE 2010**

**DIRECTORATE OF FINANCE & CORPORATE SERVICES**

**REPORT OF THE HEAD OF REVENUES & CUSTOMER SERVICES -  
M. JONES**

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## ITEM 1

### RATE RELIEF FOR CHARITIES AND NON-PROFIT MAKING ORGANISATIONS

#### **Purpose of Report**

1. I presented a report reviewing the current scheme of rate relief for charities and non-profit making organisations to your meeting of the 13<sup>th</sup> May 2010. However, consideration of the matter was deferred to enable further information to be obtained.

#### **Background**

2. The Local Government Finance Act 1988 provides rate relief from rates may be granted as follows:
  - (a) Mandatory Relief (80%)  
Where a property is occupied by a charity and is used wholly or mainly for charitable purposes, and for community amateur sports clubs (as registered with HMRC).
  - (b) “Top Up” Discretionary Relief (up to 20%)  
Where mandatory relief has been granted, an authority has the discretion to grant up to a further 20% relief.
  - (c) Discretionary Relief (up to 100%)  
Where a property is occupied by an organisation which is not established or conducted for profit and whose objects are charitable, philanthropic, religious, or concerned with education, social welfare, science, literature or fine arts.
  - (d) Discretionary Relief (up to 100%)  
Where a property is occupied by an organisation which is not established or conducted for profit and the property is wholly or mainly used for the purpose of recreation,
3. The cost of mandatory relief is met by the non-domestic rate pool. The cost of discretionary relief is shared between the pool and the local authority, as follows:

(a) “Top Up” of Mandatory Relief  
25% is met by the pool;  
75% is met by the local authority.

(b) Other  
90% is met by the pool;  
10% is met by the local authority.

4. The current criteria for granting discretionary relief were agreed at your meeting of 11<sup>th</sup> January 2008.

### **Criteria for Discretionary Rate Relief**

5. The following are the current criteria for discretionary relief:

- (a) that each application be treated on its merits;
- (b) that the following general guidelines be taken into account:
- membership of the organisation must normally be open to all sections of the community, and membership rates must not be set at a level which excludes the general community;
  - it is accepted that reasonable restrictions may be placed on membership in relation to, for example, ability in a sport, achievement of a standard in the field covered by the organisation, or where the capacity of the facility is limited;
  - favourable consideration will be given to applications from organisations whose objectives are in line with the Authority’s corporate aims and values and community plan themes;
  - top up relief will not normally be granted to charity shops;
  - top up relief will only be granted to an outreach facility provided by a college in a deprived ward, subject to excluding those wards within the main population centres;
  - except in the case of Community Amateur Sports Clubs, rate relief will not normally be granted in respect of any area of an organisation’s premises which are operated as a licensed bar.

- (c) that, having regard to the guidelines at (b) above, the types of organisation listed below in (e), will be granted 20% top up discretionary relief or 100% only relief, as appropriate.
- (d) that having regard to the guidelines at (b) above, all other applications be treated on their merits.
- (e) the organisations referred to in (c) above are:
- youth organisations (such as youth clubs, scouts and guide groups etc)
  - O. A. P. associations
  - Gardening / horticultural societies
  - Associations for the mentally handicapped
  - Musical / theatrical groups
  - Community associations
  - Organisations concerned with education and training
  - Sporting organisations
  - Organisations concerned with voluntary and community services
  - Organisations concerned with promoting economic development and enterprise
  - Citizens' Advice Bureaux
  - Organisations concerned with better health and well being
  - Organisations concerned with the welfare of young people

## **Comments**

6. Generally, the current scheme is working well and it is not proposed that any major changes are made. However, the following paragraphs discuss one area where Members may wish to review the current criteria.
7. Under the current scheme, discretionary rate relief is not granted in respect of any area of an organisation's premises which are operated as a licensed bar unless the organisation is registered with HMRC as a Community Amateur Sports Club (CASC).
8. This increasingly means that there are anomalies in the treatment of licensed bar areas between different organisations. It may, therefore, now be appropriate to review the current policy with a view to treating CASC's in the same way as other organisations and no longer granting them discretionary rate relief in respect of their licensed bars.

9. CASC's are entitled to 80% mandatory relief, and we are currently granting the full 20% discretionary relief to the 23 organisations who have applied for rate relief. Of these, 5 do not operate licensed bars.
10. The appendix to this report lists the remaining 18 CASC's and shows what rates would be payable and what would be the total percentage rate relief if discretionary relief were no longer granted for licensed bars. Scenario 1 shows the position if rate relief were no longer granted on areas clearly identified in the property's valuation as licensed bars. However, in many cases, there are other areas identified in the valuation which may also contain a licensed bar, so Scenario 2 shows the implications of removing the discretionary rate relief from these areas as well.
11. Organisations would be faced with rates bill of between £25 and £570 under Scenario 1, and between £25 and £983 under Scenario 2, as follows:

<b>Rates Bill</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Less than £50	1	1
£50 - £99	0	0
£100 - £149	1	0
£150 - £199	3	0
£200 - £299	6	3
£300 - £399	4	3
£400 - £499	2	2
£500 - £599	1	3
£600 - £699	0	4
£700 - £799	0	0
£800 - £899	0	1
£900 - £999	0	1

12. The cost of granting full discretionary relief to CASC's is currently £15,000, and this cost would fall to £10,500 under Scenario 1 and £7,800 under Scenario 2.
13. Members may also wish to amend the criterion regarding discretionary relief on licensed bars to read:

“Rate relief will not normally be granted in respect of any areas of an organisation's premises which are operated as a licensed bar and for ancillary purposes (e.g. cellars).”

### **Recommendations**

14. That the criteria for granting discretionary rate relief as set out in paragraph 5 be reviewed.
15. That the new scheme of discretionary rate relief apply for the period 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2016, and that all re-applications and new applications be granted to 31<sup>st</sup> March, 2016.

### **Reason for Proposed Decision**

16. To implement a scheme of discretionary rate relief for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016.

### **List of Background Papers**

17. Local Government Finance Act 1988.

### **Wards Affected**

18. All

### **Officer Contact**

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## COMPLIANCE STATEMENT

### RATE RELIEF FOR CHARITIES AND NON-PROFIT MAKING ORGANISATIONS

(a) **Implementation of Decision**

The decision is proposed for implementation after the 3 day call-in period.

(b) **Sustainability Appraisal**

**Community Plan Impacts:**

Economic Prosperity	Positive
Education and Lifelong Learning	Positive
Better Health and Well Being	Positive
Environment and Transport	Positive
Crime and Disorder	Positive

**Other Impacts:**

Welsh Language	Positive
Sustainable Development	Positive
Equalities	Positive
Social Inclusion	Positive

(c) **Consultation**

There has been no requirement to consult under the Forward Work Programme.

## Effect of Reducing Discretionary Relief

	<u>Full</u> <u>Rates</u> <u>Bill</u> £	<u>80%</u> <u>Mand'y</u> <u>Relief</u> £	<u>20%</u> <u>Disc'y</u> <u>Relief</u> £	<u>Rates</u> <u>Payable</u> £	<u>Full</u> <u>Rates</u> <u>Bill</u> £	<u>80%</u> <u>Mand'y</u> <u>Relief</u> £	<u>Reduced</u> <u>Disc'y Relief</u> <u>Scenario 1</u> £	<u>Rates</u> <u>Payable</u> £	<u>Total %</u> <u>Relief</u> %	<u>Reduced</u> <u>Disc'y</u> <u>Relief</u> <u>Scenario 2</u> £	<u>Rates</u> <u>Payable</u> £	<u>Total %</u> <u>Relief</u> %
1	19,325	15,460	3,865	Nil	19,325	15,460	3,295	570	97.0	3,295	570	97.0
2	6,851	5,481	1,370	Nil	6,851	5,481	1,071	300	95.6	387	983	85.7
3	6,442	5,153	1,288	Nil	6,442	5,153	913	375	94.2	474	814	87.4
4	4,601	3,681	920	Nil	4,601	3,681	632	289	93.7	248	672	85.4
5	4,049	3,239	810	Nil	4,049	3,239	511	299	92.6	142	668	83.5
6	4,049	3,239	810	Nil	4,049	3,239	559	251	93.8	175	635	84.3
7	3,681	2,945	736	Nil	3,681	2,945	540	196	94.7	222	515	86.0
8	3,599	2,879	720	Nil	3,599	2,879	269	451	87.5	269	451	87.5
9	3,517	2,814	703	Nil	3,517	2,814	377	327	90.7	33	670	80.9
10	3,068	2,454	614	Nil	3,068	2,454	115	499	83.7	115	499	83.7
11	2,863	2,290	573	Nil	2,863	2,290	405	168	94.1	57	516	82.0
12	2,822	2,258	564	Nil	2,822	2,258	265	300	89.4	265	300	89.4
13	2,699	2,160	540	Nil	2,699	2,160	359	181	93.3	175	364	86.5
14	2,331	1,865	466	Nil	2,331	1,865	177	289	87.6	177	289	87.6
15	2,025	1,620	405	Nil	2,025	1,620	112	293	85.5	112	293	85.5
16	2,025	1,620	405	Nil	2,025	1,620	273	132	93.5	16	389	80.8
17	1,554	1,243	311	Nil	1,554	1,243	23	288	81.5	23	288	81.5
18	1,125	900	225	Nil	1,125	900	200	25	97.8	200	25	97.8