

Applications for Discretionary Rate Relief

Individual Cabinet Member Decision

Report of Head of Revenue Services

PURPOSE OF REPORT

The Council has a discretionary power to award rate relief to business ratepayers in specified circumstances.

Following consideration of the last report a review of the relief given to Signposts Multiple Agency Resource Centre Ltd was requested and this report provides the outcome of that review for further consideration.

Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member	<input type="checkbox"/>
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Date Included in Forward Plan	Not Applicable
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This report is public

RECOMMENDATION:

It is recommended that rate relief in respect of the four applications numbered A to D in the report, be considered in line with current guidelines and taking into account previous decisions made in respect of similar organisations throughout the area.

1. Introduction

- 1.1 Under Section 43 of the Local Government Finance Act 1988, where a property is occupied by a registered charity or trustees for a charity, liability to Non-Domestic Rate is reduced by 80%.
- 1.2 Under Section 47 of the Act, the Council has discretion to 'top-up' to 100%, the relief given to any organisation receiving mandatory relief.
- 1.3 Because of the legal requirements for the length of notice to be given to an organisation when varying or cancelling relief, it is the Council's policy to grant discretionary relief for one year only rendering each case subject to an annual review.

- 1.4 During the course of the review of applications for relief for 2008/9 and following a further new application from Signposts MARC Ltd officers were asked to provide additional information and to undertake another review of the relief given to this organisation across the various premises from which they operate within the district.

2. Signposts Multiple Agency Resource Centre Ltd.

- 2.1 The above body is based in Morecambe and Preston and in 2006/7 became incorporated as a company limited by guarantee offering services across Lancashire & South Cumbria.
- 2.2 The company is a registered charity whose aims are said to be “to relieve the poverty and promote the benefits of the inhabitants of Lancashire & Cumbria with particular reference to those in the area known as the West End of Morecambe, without distinction of sex, sexual orientation, age, race or of political, religious or other opinions” and whose objectives are stated as “to provide services which relieve, support, help and advise those who are:
- Poor
 - Unemployed
 - Elderly
 - Physically or mentally ill or convalescing
 - Dependent on alcohol and/or drugs
 - Victims of abuse, violence or crime
 - Families or carers of the above
- 2.3 Funding is obtained from a wide variety of sources including Lancashire County Council, Primary Care Trusts and Lancaster City Council covering a wide range of projects and facilities.
- 2.4 Lancaster City Council acts as the accounting body in respect of some of these funds (such as 50 Forward) whilst other payments are made from Council funds.
- 2.5 The most significant amounts of Council funding come from a grant of £14,800 (2007/8) and £15,100 (2008/9) paid via Strategic Housing which is governed by a Service Level Agreement and LSP money using 2nd Homes revenue of £25,000 (2007/8).
- 2.6 Signposts MARC Ltd operate from five different premises across the district as follows:

58 REGENT ROAD, MORECAMBE

This is the main base from which they provide their information and advice service.

Up until 31 March 2008 the ratepayer was Places for People** who are the landlords of Signposts. Following the review Signposts MARC Ltd have been made liable and as a charity they receive 80% mandatory rate relief and have made an application for the 20% top-up discretionary rate relief.

37 YORKSHIRE STREET, MORECAMBE

This is a further office space which they call a Community Shop. The premises do not act as a shop and does not sell donated goods as other charity shops are required to do to obtain rate relief. It has been described as a “community facility” which is said to “provide a base from which Community Groups, Community Wardens, Credit Union, Community Police and Fire Services can offer surgery space to enable the community to access them”. It is also used in part as office space.

As a charity they receive 80% mandatory rate relief and they have made application for the 20% top-up discretionary rate relief for 2008/9.

FLAT A 19 HEYSHAM ROAD

These premises are also owned by Places for People** who own all the flats at this address. Signposts MARC Ltd provide an information and advice service to the tenants of the flats who are said to have low level support needs. It is also an office.

Signposts are now shown as the ratepayer and they receive the 80% mandatory rate relief on the property and have made application for the 20% top-up discretionary rate relief.

OUR LADY OF LOURDES HALL, KELLET ROAD, CARNFORTH

Signposts occupy a small office at this property from which they run their Carnforth Family Support Project and their Rural Farmers Health Project.

There is no separate rateable property at this address.

MORECAMBE WAR MEMORIAL HALL, CHURCH STREET, MORECAMBE

The main hall is now rated and the management committee have applied for and received 100% discretionary rate relief. However a separate assessment exists for a Café that is occupied by Signposts MARC Ltd for the purposes of a Community Café/Social Enterprise Facility.

Signposts say that this facility “fits in with their commitment to communities and to working with them in a variety of ways and will link the café to other developments in their work programme and potential future developments”

As a charity they receive the 80% mandatory rate relief and have applied for the 20% top-up discretionary rate relief.

- 2.7 NB **Places for People are a large national property management organization with over 100,000 dwellings and assets of £2.4 billion. Signpost MARC Ltd has both a landlord and tenant relationship and work together as their aims and objectives are said to be in line with each other.
- 2.8 Attached as **Appendix A** to this report is a guidance note, which the Cabinet Member may wish to use as a basis for their decision in granting relief.

2.9 Shown below is a summary of the current policy adopted by the Council when considering claims for mandatory/discretionary rate relief under each particular category.

1. **Scouts, Guides, etc.**
80% mandatory relief and 20% discretionary relief
2. **Sports Organisations**
100% discretionary relief or 80% mandatory and 20% 'top-up' where there is no bar. 50% discretionary relief where there is a bar.
3. **Recreational Organisations**
80% mandatory relief and 20% discretionary relief or 100% discretionary relief, if no mandatory relief awarded.
4. **Village Halls/Community Centre**
80% mandatory relief and 20% discretionary relief, or 100% discretionary relief if no mandatory relief awarded.
5. **Educational Organisations**
80% mandatory relief but no additional discretionary relief awarded.
6. **Charity Shops**
80% mandatory relief but no additional discretionary relief awarded unless the charity solely or mainly benefits local residents.
7. **Welfare Groups**
80% mandatory relief but no additional discretionary relief awarded unless the organisation solely or mainly benefits local residents.
8. **Miscellaneous Organisations**
Playgroups have been given 80% mandatory relief and 20% discretionary relief, or 100% discretionary relief where appropriate. Other organisations falling within this category have been treated according to the merits of their case.

Application Details

A	Name	Signpost MARC Ltd
	Reference	101824279
	Situation	58 Regent Road, Morecambe
	Description	Offices & Premises– Category 7
	Rateable Value	£3700

Application for 20% Top-up Discretionary Rate Relief

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2008/09	341.88		256.41
TOTAL	341.88	TOTAL	256.41

B *Name* **Signpost MARC Ltd**
 Reference 101764423
 Situation 37 Yorkshire Street
 Description Shop & Premises- Category 7
 Rateable Value £2225

Application for 20% Top-up Discretionary Rate Relief

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2008/09	205.59		154.19
TOTAL	205.59	TOTAL	154.19

C. *Name* **Signposts MARC Ltd**
 Reference 101824282
 Situation Flat A 19 Heysham Road
 Description Office & Premises- Category 7
 Rateable Value £790

Application for 20% Top-up Discretionary Rate Relief

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2008/09	73.00		54.75
TOTAL	73.00	TOTAL	54.75

D. *Name* **Signposts MARC Ltd**
 Reference 101820419
 Situation At Poulton War Memorial Hall
 Description Café and premises - Category 8
 Rateable Value £1500

Application for 20% Top-up Discretionary Rate Relief

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2007/8	55.32		41.49
2008/09	138.60		103.95
TOTAL	193.92	TOTAL	145.44

3.0 Details of Consultation

3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

4.1 The options are to either award or refuse the applications taking account of the guidelines referred to in Appendix A and the decisions made previously and categorised above.

5.0 Officer Preferred Option (and comments)

5.1 Officers recommend that the applications are treated on their merits and any decisions to refuse to award Discretionary Rate relief are accompanied by details of the reason for refusal.

6.0 Conclusion

6.1 The decision should be made in accordance with the recommendation above.

RELATIONSHIP TO POLICY FRAMEWORK

The proposals within this report link to the strategy within our existing Corporate Plan whereby we aim to provide and improve upon Lancaster City Council services in the most effective and efficient way.

In addition, the report displays our commitment to joint working with voluntary organisations and recognises the positive contribution that voluntary and community groups play in the provision and prioritisation of service delivery.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

This report raises no implications

FINANCIAL IMPLICATIONS

Appendix B sets out the details of the financial implications of granting relief in all four cases which amounts to £610.79.

The Council has discretion to 'top-up' to 100%, the relief given to an organisation receiving mandatory relief.

The account arrangements for discretionary relief are somewhat unusual in that the awards for a particular financial year are not accounted for until the following year. As a consequence, relief awarded in 2007/08 will be included in the 2008/09 revenue estimates. It is expected that the total annual cost to General fund of continuing relief

to these organisations will be around £56,000 in 2007/08. The 2008/09 budget and 2009/10 and 2010/11 projected budgets includes the following amounts:-

Year	Draft Budget
2008/09	60,000
2009/10	62,400
2010/11	64,900

The council currently works on the basis that the budget will be driven by the policy for granting mandatory/discretionary relief, rather than the budget (and therefore the granting of relief) being cash limited and if the relief above is agreed the 2009/10 and future years budgets will need to be updated to include the £610.79.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments to add.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add.

BACKGROUND PAPERS

Applications A – D held on Document Management System

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APPENDIX A

DISCRETIONARY RATE RELIEF

Under Section 47, Local Government Finance Act 1988 a charging authority may grant relief from all or part of the amount payable by way of National Non-Domestic Rate in respect of hereditaments occupied by a charity for charitable purposes, by certain voluntary bodies of a philanthropic nature, for recreation or by clubs and societies not established or conducted for profit.

Considerations

The notes shown below have been prepared to provide the Cabinet Member with guidance when considering applications for discretionary rate relief.

Due to the wide range of bodies eligible for discretionary rate relief, not all of the criteria shown below will be applicable in each case, therefore each case should be considered on its own merits, taking into account the contribution the organisation makes to the amenities of the area. Guidance is also provided for certain organisations where the Cabinet Member has previously considered applications and in an attempt to provide a consistent approach, the decision of the Cabinet Member has been provided.

When considering an application, the following points should be considered.

i. Access

- A Is membership open to all sections of the community?

There may be legitimate restrictions placed on membership which relate for example to ability in a sport or to the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited. Clubs or organisations should not be considered if they have membership rates set at such a high level as to exclude the general community.

- B Does the organisation actively encourage membership from particular groups in the community, e.g. young people, women, older age groups, persons with a disability, etc?

An organisation, which encourages such membership, might expect more sympathetic consideration than one, which makes no effort to attract members from groups, which the authority considered to be particularly deserving of support.

- C Are the facilities made available to people other than members, e.g. schools, casual public sessions, etc?

The wider use of facilities should be encouraged and rate relief might be one form of recognition that an organisation was promoting its facilities more widely.

ii. Provision of Facilities

- A Does the organisation provide training or education for its members?

Are there schemes for particular groups to develop their skills, e.g. young people, the disabled, retired people?

An organisation providing such facilities might deserve more support than one, which does not.

- B Have the facilities available been provided by self-help or grant aid?

The fact that a club uses or has used self-help for construction or maintenance or had facilities funded by grant aid might be an indicator that they were more deserving of relief.

- C Does the organisation run a bar?

The mere existence of a bar should not in itself be a reason for not granting relief. The Committee has, in all cases where the organisation operates a bar, limited the relief to a maximum of 50%.

The Authority should look at the main purpose of the organisation. In sports clubs, for example, the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A social club whose main aim is to bring together people with similar interests should not be excluded from relief just because of the existence of a licensed bar.

- D Does the organisation provide facilities which indirectly relieve the authority of the need to do so, or enhance and supplement those which it does provide?

Authorities should not refuse relief on the grounds that an organisation is in competition with the Authority itself, but should look at the broader context of the needs of the community as a whole. Provision of facilities to meet a new need, not being provided by the Authority itself, but identified, as a priority for action, might be particularly deserving of support.

iii. **Other Considerations**

- A Is the organisation affiliated to local or national organisations, e.g. local sports or arts councils, national representative bodies?
- B Is membership drawn from people mainly resident in the billing authority's area?
- C Do the facilities provided benefit the Authority's area as a whole?

The Cabinet Member should be aware that for any application granted, 25% of the total granted will be borne by the taxpayers.

If the facilities provided do not benefit the area as a whole, the taxpayers may be financing a national organisation that is locally based.

The Cabinet Member has previously refused applications if the organisation does not benefit the area as a whole.

iv. **Charity Shops**

- A If the charity does not solely or mainly benefit local residents the Committee has previously *limited the total relief granted to the organisation to 80%* (this includes the 80% mandatory relief that is granted to registered charities).
- B Is the organisation used wholly or mainly for the sale of goods donated to a charity and are the proceeds of sale applied to the purposes of the charity?

Charity shops, which wholly or mainly sell goods bought under normal trading conditions, are not entitled to relief (this arose from the decision in Oxfam v Birmingham City Council (1975)).

Decisions and Determinations

For all applications for discretionary relief, the Authority must send written notification of the outcome of the application. The notification must state:

- i. Where relief is awarded –
 - (a) The first day to which the decision operates;
 - (b) If in respect of a particular period, the last day to which the decision operates;
and
 - (c) the amount chargeable.
- ii. Where relief is refused –
 - (a) The reasons for refusing the application.
- iii. Where relief is revoked or varied –
 - (a) The day on which the revocation or variation takes place;
 - (b) the amount chargeable;
and
 - (c) the reasons for the revocation/variation.

Summary

- i. **When considering an application for discretionary relief, the Cabinet Member should consider the points mentioned above.**
- ii. **The Cabinet Member should try to ensure that there is consistency in the level of relief granted to organisations of a similar nature.**
- iii. **25% of the total value of discretionary relief granted will be borne by the taxpayers. However, in cases where mandatory relief has been granted and the Cabinet Member grants the additional 20% 'top-up' relief, 75% of any additional relief granted will be borne by the taxpayers.**
- iv. **If an application for relief is refused, the Cabinet Member should give reasons for the decision.**

APPENDIX B

PROPERTY ELIGIBLE FOR RATE RELIEF	TYPE OF RELIEF	AMOUNT OF RELIEF	FINANCIAL IMPLICATIONS		
			Proportion offset against payments into NNDR Pool	Proportion borne locally by Council Taxpayers	
Property wholly or mainly used for charitable purposes which is occupied by a Registered, Excepted or Exempt Charity.	Mandatory Discretionary	80% Up to a further 20%	100% 25%	-- 75%	£ 610.79
Property, all or part of which is occupied for the purposes of a non-profit making: (a) institution or other organisation, whose main objects are philanthropic or religious or concerned with social welfare, science, literature or the fine arts, or; (b) club, society or other organisation and is used for the purposes of recreation or sport	Discretionary Discretionary	Up to 100% Up to 100%	75% 75%	25% 25%	£ -
Property, all or part of which is occupied, other than as a trustee, by a charging or precepting authority.	None	None	--	--	--