



## Applications for Discretionary Rate Relief

### Individual Cabinet Member Decision (Councillor Roger Mace) 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.			
This report requests the Cabinet Member to consider:			
2 new applications for 20% top-up relief <b>(A &amp; B1 &amp; B2)</b>			
1 new application for 100% discretionary relief <b>(C)</b>			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>
			Referral from Cabinet Member
Date Included in Forward Plan	Not Applicable		
This report is public			

#### RECOMMENDATIONS:

It is recommended that after taking in to account the merits of each case and previous decisions to ensure consistency of treatment:

Applications A & B1 & B2 are granted 20% top-up relief

Application C is refused 100% discretionary relief

## 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%.

Under Section 47 of the Act, the Council has discretion to 'top-up' to 100%, the relief given to any organisation receiving mandatory relief.

In addition, further discretion is available to grant up to 100% rate relief to other non-profit making organisations.

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. If it is determined that relief should be granted, it will be awarded to 31<sup>st</sup> March 2010

Attached as **Appendix 1** to this report is a guidance note, which the Cabinet Member may wish to use as a basis for their decision in granting relief.

Shown below is a summary of the current criteria used to judge various applications when considering claims for mandatory or discretionary rate relief under each particular category.

1. **Scouts, Guides, etc.**  
80% mandatory relief and 20% discretionary relief normally given.
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.
4. **Village Halls/Community Centre**  
80% mandatory relief and 20% discretionary relief, or 100% discretionary relief if no mandatory relief.
5. **Educational Organisations**  
80% mandatory relief but no additional discretionary relief.
6. **Charity Shops**  
80% mandatory relief but no additional discretionary relief unless the charity solely or mainly benefits local residents.
7. **Welfare Groups**  
80% mandatory relief but no additional discretionary relief 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.

## 2.0 Proposal Details

### New Applications:

<b>A.</b>	<i>Name</i>	Furniture Matters
	<i>Situation</i>	2-4 Perpignan Way
	<i>Description</i>	Shop & Premises – Category 6
	<i>Rateable Value</i>	£49750

### **Application for 20% top up Discretionary Rate Relief (Recommendation to grant relief)**

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2008/09 ●	37.78		28.34
2009/10	4825.75		3619.31
<b>TOTAL</b>	<b>4863.53</b>		<b>3647.65</b>

#### ● Backdated to 29th March 2009

The objectives of this charity are to improve the quantity and quality of used and reconditioned furniture and other household goods available at low cost to people in need in the district. The shop has been secured on a six month licence in a prime location providing the local community with second-user furniture, and providing volunteering and training opportunities for local people.

<b>B1</b>	<i>Name</i>	N-compass North West Ltd
	<i>Situation</i>	B31 St Leonards House
	<i>Description</i>	Offices & Premises – Category 7
	<i>Rateable Value</i>	£890

### **Application for 20% top up Discretionary Rate Relief (Recommendation to grant relief)**

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2009/10	86.33		64.75
<b>TOTAL</b>	<b>86.33</b>		<b>64.75</b>

**B2 Name** N-compass North West Ltd  
*Situation* B32-B32A St Leonards House  
*Description* Offices & Premises – Category 7  
*Rateable Value* £1100

**Application for 20% top up Discretionary Rate Relief  
 (Recommendation to grant relief)**

Rate Charge after Mandatory Relief		Cost to General Fund of agreeing recommendation	
2009/10	106.70		80.03
TOTAL	106.70		80.03

The Charity’s objects are to promote, support and provide advocacy as a means by which people disadvantaged by disability, illness, age or social exclusion can make known their needs to obtain appropriate services, and so increase their quality of life.

The above premises were formerly in the name of Lancaster Advocacy, and in receipt of top-up discretionary relief. However, in April 2009 Lancaster Advocacy was merged in N-compass North West Ltd as a result of the way advocacy in the north-west was funded. However a decision was made to continue to use the above premises for the sole purpose of continuing to service the needs of people in the Lancaster area only. This decision to continue with a Lancaster office was not taken lightly since there were significant extra costs to bear but it means a more efficient use of the Lancaster advocates time since they will not have to travel back and forth to Blackpool and can remain based in Lancaster.

**C. Name** **Heysham Golf Club Ltd**  
*Situation* Heysham Golf Club  
*Description* Golf Course & premises - Category 2  
*Rateable Value* £61000

**Application for Discretionary Rate Relief  
 (Recommendation to refuse 100% relief)**

Rate Charge		Cost to General Fund of agreeing recommendation	
2009/10	29585.00		7396.25
TOTAL	29585.00		7396.25

The above golf club has a bar and therefore it would be the policy to only grant 50% discretionary relief as opposed to 100% relief. The secretary of the golf club has been contacted and advised to apply for Community Amateur Sports Club relief (CASC) which would entitle the club to 80% mandatory relief. However, it requires 75% of member support and they are unable to achieve this. This is because the whole of the golf course and club are incorporated within the site boundary of a new proposed nuclear power station in Heysham. If the course is sold, members will not be entitled to a dividend if the club was registered for CASC.

In the circumstances, it is not considered appropriate to award discretionary rate relief as there other means available to the club in obtaining 80% mandatory rate relief which the membership have chosen not to pursue. It would therefore seem unfair to place any additional burden on Council Tax payers to fund a proportion of discretionary rate relief when other options have been refused.

### **3.0 Details of Consultation**

3.1 No consultation has taken place.

### **4.0 Options and Options Analysis (including risk assessment)**

4.1 There are two options available for consideration in respect of all applications.

#### **4.2 Option 1-**

To grant discretionary rate relief in respect of the new applications, each individually on their merits, based on the guidelines provided in this report and with reference to previous decisions made in respect of similar organisations.

#### **4.3 Option 2-**

To refuse discretionary rate relief in individual cases, based on the facts of each one and providing the reasons for refusal.

### **5.0 Officer Preferred Option (and comments)**

**Option 1 is the preferred option in respect of Applications A & B1-2, granting discretionary relief** in accordance with officer recommendations and Council guidelines.

**Option 2 is the preferred option in respect of Application C**, which is to refuse the award of discretionary relief in accordance with officer recommendations.

### **6.0 Conclusion**

6.1 The decision should be made in accordance with Officer recommendations.

#### **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 2* sets out the details of the financial implications of granting relief for the new applications as shown in the recommendations.

The Council has discretion to 'top-up' to 100%, the relief given to an organisation receiving mandatory relief. In addition, further discretion is available to grant up to 100% rate relief for other non-profit making organisations.

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 2009/10 will be included in the 2010/11 revenue estimates. It is expected that the total annual cost to General fund of continuing relief to these organisations will be around £67,900 in 2009/10.

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. If the recommendations are agreed the budget for the cost of relief for 2009/10 will be increased by £3,800 including backdated amounts from 2008/09 and by the same amount in future years.

## **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 has no further comments to add.

## **MONITORING OFFICER'S COMMENTS**

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

## **BACKGROUND PAPERS**

Exempt under Paragraph 3 of Schedule 12a  
Local Government Act 1972

**Contact Officer:** Melanie Cragg  
**Telephone:** 01524 582215

**E-mail:** [mcragg@lancaster.gov.uk](mailto:mcragg@lancaster.gov.uk)

**Ref:**

## 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 must give reasons for his decision.**

## APPENDIX 2

PROPERTY ELIGIBLE FOR RATE RELIEF	TYPE OF RELIEF	AMOUNT OF RELIEF	FINANCIAL IMPLICATIONS			
			Proportion offset against payments into NDR Pool	Proportion borne locally by Council Taxpayers 2008/09 2009/10		
Property wholly or mainly used for charitable purposes which is occupied by a Registered, Excepted or Exempt Charity.	Mandatory	80%	100%	--	£ --	£ --
	Discretionary	Up to a further 20%	25%	75%	28.34	3764.09
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	Up to 100%	75%	25%	£ -	£ -
	Discretionary	Up to 100%	75%	25%	-	-
Property, all or part of which is occupied, other than as a trustee, by a charging or precepting authority.	None	None	--	--	--	--