



East
Northamptonshire
Council

Granting discretionary rate relief

Guidance notes for charitable and
non profit making organisations

Introduction

Rate relief is available to a variety of organisations; these guidance notes set out this Council's scheme for charities, institutions, clubs and rural businesses. They have been written in order that ratepayers may identify how they can maximise their rate relief and see that relief has been granted in a transparent manner.

Strategy and Policy

This document sets out how East Northamptonshire Council will deliver rate relief having regard to its key priorities: A good quality of life where the District will be healthier and prosperous. In addition, the scheme provides support to organisations engaged in delivering the Council's priority outcomes of increasing participation in play, sport, leisure and culture.

By proactively promoting the Council's rate relief scheme over £1 million is put back into the local economy annually. This helps deliver the priority of a prosperous District with strong communities.

Legislation

The Local Government Finance Act 1988, Local Government and Rating Act 1997 & Rating (Former Farm Premises and Rural Shops) Act 2001 confer powers on Councils to grant rate relief. These powers include providing mandatory relief, granting discretionary relief and remitting rates in the case of hardship. The power can be used to provide relief from all or part of the rates payable. Each case must be considered on its own merits.

Where an organisation has been granted discretionary relief, a period of twelve months notice must be given prior to reducing or ceasing relief.

Mandatory and Discretionary relief

Mandatory relief is given to institutions, organisations or trusts established for charitable purposes in respect of property used wholly or mainly for charitable purposes. Mandatory relief is 80% of the rates chargeable.

Discretionary relief can be given to charitable bodies in addition to mandatory relief. Thus, up to 100% relief can be achieved.

Non-profit making bodies (ineligible for mandatory relief) can be given up to 100% discretionary relief of rates.

Rural rate relief

The sole general store or post office, situated within a rural settlement and with a rateable value of less than £8,500, is eligible for 50% mandatory relief. This relief can be supplemented by discretionary relief.

In rural settlements, where more than one store or post office exists, discretionary relief of up to 100% may be granted subject to an upper rateable value limit of £16,500.

Other businesses situated in rural settlements can also be considered for relief, provided the Council is satisfied that a) the property is used for purposes which benefit the local community, and b) it would be reasonable for the billing authority to make such a decision having regards to the interests of persons liable to pay the council tax set by it. .

Hardship Relief

The Council may grant relief of rates in respect of both occupied and unoccupied rates where it is satisfied that the ratepayer would sustain hardship if it did not do so, and it is reasonable for the authority to do so having regard to the interests of its council tax payers.

The 'test' of hardship need not be confined to financial hardship; all relevant factors affecting the ability of a business to meet its liabilities for rates shall be taken into account. Likewise, the 'interests' of council tax payers may go wider than direct financial interests. For example, the prospects of an area might be affected by a company going out of business, or an area's amenities might be reduced by the loss of the only village shop.

Each application shall be determined upon its own merits.

Financial Implications of granting rate relief

The cost of granting relief is borne between the Government and the Council. The Council's portion is financed through the Council Tax.

The cost is met as follows:-

	<u>Government</u>	<u>Council</u>
Mandatory (either 50% or 80% relief)	100%	-
Discretionary (up to further 20% relief)	25%	75%
Discretionary (up to 100% relief)	75%	25

Applications

Institutions or organisations seeking relief are invited to complete an application form designed to provide the Council with the minimum information to base their decision.

Applicants are encouraged to supply any further information they feel relevant to support their application.

Each application is determined on its own merits.

Indicative Organisations

The following notes provide an indication of the level of relief generally granted to Institutions and Organisations within East Northamptonshire.

1. Halls and Rooms (Including Village Halls, Community Halls, Women's Institutes and halls provided by other charitable organisations, etc.)

Where the principle form of income is from lettings or charitable sources. Relief is 100%, whether receiving mandatory relief or not.

2. Youth Organisations (including Scouts, Guides etc.)

This category includes youth clubs and sports clubs provided solely for young people. Relief is 100%, whether receiving mandatory relief or not.

3. Voluntary Organisations and Associations (St Johns Ambulance Brigade, British Legion and W.R.V.S., etc.)

This category includes day centres for the elderly or disabled, hostels etc. Relief is 100%

4. Volunteer Bureau (Serve, CAB, Volunteer Centre etc.)

Organisations providing social welfare. Relief is 100%, whether receiving mandatory relief or not.

5. Educational Establishments (Private Schools and Voluntary Aided (charitable) Schools)

Relief is 80% Mandatory

6. Educational (other, colleges, universities)

Where the organisation supports local industry and well-being of the community through training facilities to the locality. Relief is 100%, whether receiving mandatory or not.

7. Charity Shops

Mandatory relief is given to qualifying shops. To qualify a shop must sell wholly or mainly donated goods and the proceeds of sale (after any deduction of expenses) applied for the purposes of a charity.

Where the shop is operated by local charities to raise funds which are used for the benefit of the people of this Council's district - an additional 20% relief is given.

For shops used to raise funds in respect of national charities - no additional relief, mandatory relief only.

8. Sporting organisations (includes football, cricket, bowling etc.)

This category includes any sporting organisation apart from those purely for young people. Where over 50% of the membership is drawn from the Council's district and there is no bar income - relief 100%.

Where membership is under 50% or the organisation is supported by bar income - relief 25%.

Where the organisation has youth involvement, a rateable value under £16500 and a bar, run on a self financing basis – relief 50%

Note: the supply and sale of drinks after a match/game on a self financing basis is not classed as bar income.

9. Theatrical Societies

Includes premises used for the production/storage of scenery, etc. Relief 50%. Where supported by bar income - 25%.

10.Preservation Societies (Rushden Historical Transport Society etc.)

Organisations concerned with preserving the past. Unless entitled to mandatory, 50% relief and 25% relief if supported by bar income.

11.Community Amateur Sports Clubs

Registered Community Amateur Sports Clubs (CASC) can now receive 80% mandatory rate relief from 1/4/2004. This can be supplemented by 20% discretionary relief.

12.General Stores/Post Offices (situated in rural settlements)

Provided the Post Office/ General Store's rateable value is less than £8500 - Relief 50% mandatory, this can be supplemented by a further 50% discretionary relief.

In villages where more than one store or post office, discretionary relief of up to 100% may be given, subject to an upper rateable value limit of £16500.

13.Public House, Petrol Filling Station

A sole village public house or petrol filling station with a rateable value of less than £12500 qualifies for 50% mandatory relief. Discretionary relief of up to 50% or a further 25% 'top up' for a village pub receiving 50 % mandatory relief can be given, subject to a rateable value of less than £16500 where it can be shown that the business helps its local community by meeting certain criteria.