



East
Northamptonshire
Council

Policy and Resources Committee – 2 July 2012

National Non-Domestic Rates (NNDR) - Draft Discretionary Rate Relief Policy for consultation

Purpose of report

To approve a formal policy on granting Discretionary Rate Relief to business rate payers for consultation.

Attachment(s)

- Appendix:1) Granting Discretionary Rate Relief - Guidance Notes
 2) Draft Discretionary Rate Relief Policy
 3) Equality Impact Assessment

1.0 Background

- 1.1 In 2004, members approved a set of guidance indicating the levels of Discretionary Rate Relief being granted. These are attached as Appendix 1. Since then the levels of relief have been reviewed every five years. The last review was approved by members in 2010 and the next review is due in 2014/15.
- 1.2 Several recent applications for relief from occupiers of high rateable value properties have led to a significant increase in the amount of relief being requested and granted. This has highlighted the need to formalise our existing policy and to consider setting a ceiling for maximum relief in order to limit the council's financial exposure as the amount of relief that can be granted under the existing guidance is unlimited; thus it is not possible to make accurate future budgetary provision.
- 1.3 The adoption of a policy on granting Discretionary Rate Relief would formalise and clarify the council's position.
- 1.4 A draft policy has been prepared and this is attached at Appendix 2.

2.0 The Policy

- 2.1 The major change that this policy introduces is a ceiling of £10,000 on the amount of Discretionary Rate Relief that the council will grant. The ceiling will introduce some certainty into the budgeting process.
- 2.2 The change from Guidance Notes to a Policy will provide a firmer basis on which to make decisions as to whether or not Discretionary Rate Relief should be granted.
- 2.3 It is important to note that the approval of this policy would necessitate the development of a formal appeal procedure to be applied in cases where an applicant is not satisfied with the outcome of their application.
- 2.4 It should be noted that, if the council wishes to reduce or cease giving relief, it must first give 12 months' notice. Thus if, after consultation, the policy is approved, the £10,000 ceiling that the policy introduces cannot be applied to existing applicants until after the 12 month notice period.
- 2.5 The introduction of a £10,000 ceiling will have no impact on most of the organisations currently receiving discretionary rate relief.

3.0 Equality and Diversity implications

3.1 An initial EIA has been carried out which is attached at Appendix 3. Only positive or neutral impacts have been identified.

4.0 Legal Implications

4.1 The council has statutory power to award discretionary rate relief under S47 (as amended by S69 of the Localism Act 2011) and S49 of the Local Government Finance Act 1988 and S42A & S42B of the Local Government & Rating Act 1997. The council cannot grant discretionary relief in respect of 'excepted hereditaments'. An 'excepted hereditament' is one where the council would be liable to pay the rates. Additionally, case law has established that, where a discretionary power exists, it must be applied fairly and not arbitrarily.

5.0 Risk Management

5.1 The draft policy introduces a ceiling to limit the amount of relief that can be granted in any individual case. Whilst this doesn't completely remove the risk, it maintains equality and limits the council's financial exposure.

5.2 There is a risk that the introduction of a ceiling could result in either or both of the current ratepayers who would be affected moving from the district. This possibility will be explored as part of the consultation process.

6.0 Financial Implications

6.1 Currently, the council contributes £96,441 towards Discretionary Rate Relief. If the policy was applied to existing discretionary relief cases, only two applicants would be affected and the council's contribution would reduce by £13,696.

7.0 Corporate Outcomes

7.1 The Policy contributes to the council's priority outcomes in the following ways:-

7.2 Good Value for money – Will establish a framework to ensure applications are determined in an efficient manner. The policy also safeguards the interests of local council tax payers by ensuring funds allocated for the award of discretionary relief are used in the most effective, efficient and economical way.

8.0 Recommendation

8.1 The Committee is recommended to

- 1) approve the draft policy for consultation
- 2) note that the results of the consultation will be reported back to a future meeting of this committee .

Legal	Power: S47 (as amended by S69 of the Localism Act 2011) & S49 of the Local Government Finance Act 1988 and S42A & S42B of the Local Government & Rating Act 1997.				
	Other considerations:				
Background Papers:					
Person Originating Report: Richard W Hadden, Revenue Manager					
Date: 31 May 2012					
CFO		MO		CX	

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.



East
Northamptonshire
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Please email Chris Wykes on
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and advise on:

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NB: Draft versions 0.1 - final published versions 1.0

Consultees

Internal	External
Business Rates Officer	Business rate customers
S151 Officer	
Head of Customer & Community Services	

Distribution List

Internal	External
Business Rates Officer	Business rate customers
Members	
Head of Customer & Community Services	

Links to other documents

Document	Link
Rural rate Relief - Guidance notes	
Equality Impact Assessment	

Additional Comments to note

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1.0 Introduction

- 1.1 Discretionary Rate relief is available to a variety of organisations. It can be granted in its own right or as a supplement to Mandatory Rate Relief. This policy sets out this Council's scheme for charities, institutions, clubs and rural businesses.
- 1.2 The policy has been written in such a way as to allow ratepayers to identify how they can maximise their rate relief and see that relief has been granted in a fair and transparent manner.
- 1.3 Mandatory relief is granted 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.
- 1.4 Discretionary relief can be given to charitable bodies in addition to mandatory relief. Thus, up to 100% relief can be achieved.
- 1.5 Non-profit making bodies (ineligible for mandatory relief) can be granted up to 100% discretionary relief of rates.
- 1.6 The cost of granting relief is shared between the Government and the Council. The Council's contribution is financed through Council Tax.

The cost is met as follows:-

	<u>Government</u>	<u>Council</u>
If topping up mandatory relief	25%	75%
If granting Discretionary relief only	75%	25%

*** The maximum amount that the Council will contribute in any financial year to an individual ratepayer is £10,000.** This will be reviewed periodically. This limit allows the Council to make more accurate budgetary provision for Discretionary Rate Relief whilst maintaining equality and continuing to support local businesses.

2.0 Scope

- 2.1 This policy relates to the rate relief that the Council has a discretionary power to award under S47 (as amended by S69 of the Localism Act 2011) and S49 of the Local Government Finance Act 1988 and S42A & S42B of the Local Government & Rating Act 1997. The Council cannot grant discretionary relief in respect of 'excepted hereditaments'. An 'excepted hereditament' is one where the Council or another precepting authority would be liable to pay the Rates.

3.0 Policy outcomes

3.1 The outcomes to be delivered by this policy are:

Policy outcomes	Links to corporate outcomes
<ul style="list-style-type: none">• Will ensure ratepayers are treated in a fair, consistent and equal manner.• Will establish a framework to ensure applications are determined in an efficient manner.• Will ensure relief is granted to organisations which contribute to the Council's corporate priorities.• Safeguards the interests of local council tax payers by ensuring funds allocated for the award of discretionary relief are used in the most effective, efficient and economical way.	<ul style="list-style-type: none">• Good value for money.

4.0 Discretionary Rate Relief Policy

4.1 Hardship Relief

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

- 4.1.1 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 will 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.
- 4.1.2 The levels of relief that the Council will grant to institutions and organisations within East Northamptonshire are detailed below. ***Note** - these are all subject to the financial limit set out in 1.6 above.
- 4.1.3 Where there is income from a bar, relief is restricted to recognise that there is an element of trading and profit-making.

Category	Notes	Relief Amount
Halls and Rooms (Including Village shops, Community Halls, Women's Institutions)	Where the principal form of income is from lettings or charitable sources	100%
Youth Organisations	Including Scouts and Guides, Youth Clubs and Sports Clubs provided solely for young people	100%
Voluntary Organisations, associations and bureaux	St Johns Ambulance Brigade, British Legion and W.R.V.S including day centres for the elderly or disabled and hostels. Serve, CAB, Volunteer Centre. Organisations providing Social Welfare	100%
Educational	Colleges and Universities. Where the organisation supports local industry and the wellbeing of the community through training facilities to the locality	100%
Charity Shops	Shops that are operated by local charities to raise funds which are used for the benefit of the people in the council's district (The shop must sell wholly or mainly donated goods and the proceeds of the sale must be applied for the purposes of a charity.)	20%
Sporting Organisations	Includes sporting organisations apart from those purely for the young	
	Where at least 50% of the membership is drawn from the council's district and there is no bar income	100%

	Where under 50% of the membership is from the council's district or where the organisation is supported by bar income	25%
	Where organisations have youth involvement, rateable value under £16,500 and a bar run on a self financing basis	50%
	Note: the supply of drinks after a match/game is not classed as bar income	
Theatrical Societies and Preservation Societies	Premises used for theatrical productions and storage of theatrical scenery. Organisations concerned with preserving the past.	50%
	Where supported by bar income	25%
Community Amateur Sports Clubs	Registered CASCs will receive 80% Mandatory relief supplemented by discretionary relief	20%

4.2 Rural rate relief

4.2.1 Where the Ratepayer is the occupier of a post office, general store, public house, petrol filling station or food shop, they must, subject to the application of rateable value thresholds, be granted 50% mandatory rate relief. The council will increase the level of rate relief in these cases by allowing discretionary rate relief as detailed in the following tables (Subject to the financial limit set out in 1.6 above).

Property Description	Rateable Value	Mandatory Relief	Discretionary Relief
Sole Village Post Office	£8,500 or less	50%	50%
Sole General Store	£8,500 or less	50%	50%
Sole Public House	£12,500 or less	50%	25%
Sole Petrol Filling Station	£12,500 or less	50%	25%
Sole Rural Food Shop	£8,500 or less	50%	50%

4.2.2 Where there is no entitlement to Mandatory relief because the property is in a higher rateable value band, the Council will grant Discretionary Relief as detailed in the following table, and subject to the financial limit set out in 1.6 above.

Property Description	Rateable Value	Discretionary Relief
Sole Post office	£8,501 to £16,500	100% Discretionary
Sole General Store	£8,501 to £16,500	100% Discretionary
Sole Public House	£12,501 to £16,500	50% Discretionary
Sole Petrol Filling Station	£12,501 to £16,500	50% Discretionary
Sole Rural Food Shop	£8,500 to £16,500	100% Discretionary

4.3 Section 47 of the Local Government Finance Act 1988, as amended by the Local Government and Rating Act 1997 allows Councils to grant Discretionary Rate Relief to other businesses situated in rural settlements, provided the council is satisfied that a) the property is used for purposes which benefit the local community and b) that it would be reasonable for the council to

grant relief, having regard to the interests of the council tax payers of the District. The maximum amount of Discretionary relief that can be granted in these cases is 100% and this is subject to the financial limit set out in 1.6 above.

- 4.3.1 Should the Council receive an application under S47, and the application satisfies the criteria in 4.3 above, the application will be determined by the Chief Financial Officer.

4.4 Appeals

- 4.4.1 There is no statutory right of appeal against a decision made by the Council regarding discretionary rate relief. However the Council recognises that ratepayers should be entitled to have a decision reviewed objectively if they are dissatisfied with the outcome of their application.
- 4.4.2 An applicant wishing to appeal must write to the Revenue Manager within four weeks of being notified of the outcome of their application.
- 4.4.3 The applicant's letter must state clearly why the applicant feels the decision should be reviewed. It should also include any additional information that the applicant believes is relevant or helpful to the reviewer.
- 4.4.4 The application, and any additional information, will be reviewed by the Head of Customer and Community Services.
- 4.4.5 Notification of the reviewer's decision will be sent to the customer within four weeks of receipt of their letter of appeal.



EIA Initial Screening Form – policy

1. Name of Policy:	Discretionary Rate Relief Policy
2. Name and Job title / role of person completing Initial Screening:	Richard Hadden Revenue Manager
3. What is the main purpose of the Policy?	Will ensure ratepayers are treated in a fair, consistent and equal manner. Will establish a framework to ensure applications are determined in an efficient manner. Will ensure relief is granted to organisations who contribute to the Council's corporate priorities. Safeguards the interests of local council tax payers by ensuring funds allocated for the award of discretionary relief are used in the most effective, efficient and economical way. By introducing a relief ceiling of £10,000, it will limit the Council's financial exposure.
4. Who is the Policy aimed at?	Business Rate payers applying for Discretionary Rate Relief, Members and Revenues staff dealing with applications for Discretionary Rate Relief.
5. How is the success of the Policy measured?	The Council will continue to support local businesses. The Council's financial exposure to Discretionary rate Relief claims will be reduced.
6. Are equality monitoring systems for the Policy in place?	

7. Use the following table to indicate using a ✓:

- a) Where you think that the Policy could have a positive impact on any of the groups or contribute to promoting equality of opportunity or improving relations within equality groups.
- b) Where you think that the Policy could have a negative impact on any of the equality groups i.e. it could disadvantage them.
- c) Where you think that the Policy could have a neutral impact on any of the equality group i.e. no impact

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Gender:				
Women/Girls			✓	
Men/Boys			✓	
Transgender people			✓	
Sexual Orientation:				
Lesbians, gay men and bisexuals			✓	
Race/Ethnicity:				
White British people			✓	
White non-British people (including Irish people)			✓	
Asian or Asian British people			✓	
Black or Black British people			✓	
People of mixed heritage			✓	
Chinese people			✓	
Travellers (Gypsy/Roma/Irish heritage)			✓	
People from other ethnic groups			✓	
People who do not have English as their first language			✓	

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Disability:				
Physical impairment, e.g mobility issues which mean using a wheelchair or crutches.	✓			Providing discretionary relief could prevent the closure of an area's amenities which would impact on the ability of this protected group to access facilities.
Sensory impairment, e.g blind/having a serious visual impairment, deaf/having a serious hearing impairment.			✓	
Mental health condition, e.g depression or schizophrenia			✓	
Learning disability/difficulty, e.g. Down's syndrome or dyslexia, or cognitive impairment such as autistic spectrum disorder			✓	
Long-standing illness or health condition, e.g. cancer, HIV. Diabetes, chronic heart disease or epilepsy			✓	
Other health problems or impairments (<i>please specify if appropriate</i>)			✓	
Age:				
Older People (60+)	✓			Providing discretionary relief could prevent the closure of an area's amenities which would impact on the ability of this protected group to access facilities.
Children and Young People (see guidance for definition)	✓			
Religion/Belief:				
Christian			✓	
Buddhist			✓	
Hindu			✓	

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Jewish			✓	
Muslim			✓	
Sikh			✓	
Other religion (including holding no belief)			✓	
Other Potentially Affected Groups				
Rural Isolation - People who live in rural areas e.g isolated geographically, lack of internet access	✓			Providing discretionary relief could prevent the closure of an area's amenities which would impact on the ability of this protected group to access facilities.
Socio-economic Exclusion – e.g. people who are on benefits, have low educational attainment, single parents, people living in poor quality housing, people who have poor access to services, the unemployed or any combination of these and the other protected strands	✓			Providing discretionary relief could prevent the closure of an area's amenities which would impact on the ability of this protected group to access facilities.
Any other potentially affected groups (<i>please specify</i>)				
8. If you have indicated that there is a negative impact on any group: N/A				
a) Is that impact against legislation?	Yes		No	
b) What is the level of impact?	High		Low	
9. Could you minimise or remove any negative impact that is of low significance?	N/A			

10. Could you improve a positive impact of the Policy?	
11. If there is no evidence that the Policy promotes equality of opportunity or improved relations, could it be adapted so that it does?	N/A
Head of Service signature	
Date of Initial Screening:	31 May 2012