



Policy and Resources – 5 November 2012

Discretionary Rate Relief Policy

Purpose of report

To present the results of the consultation exercise and to propose the adoption of the formal Discretionary Rate Relief Policy.

Attachment(s)

Appendix A - A summary of the responses to the consultation exercise.

Appendix B - Discretionary Rate Relief Policy

1.0 Introduction

1.1 At Policy and Resources committee on 2 July 2012, Members considered a draft policy on Discretionary Rate Relief and approved the draft policy for consultation.

2.0 The consultation

2.1 Business rate payers have been invited to comment on the draft policy during an eight week consultation period.

2.2 The consultation was carried out via individual letters to business rate payers, Nene Valley News and the council's website.

2.3 An analysis of the responses to the consultation is attached as appendix A and Members will note that the response was positive. Some responses merely sought assurance that their current relief would not be affected and officers have responded to these individually.

2.4 In response to comments submitted by Oundle Bowling Club, paragraph 4.1.3 of the policy has been amended to make it clear that relief is reduced where the organisation is more able to self-finance, using income from a bar.

3.0 Equality and Diversity implications

3.1 An EIA was carried out when the draft policy was being produced and only positive or neutral impacts were identified. The consultation process has identified no additional impacts.

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. However, the consultation process has not highlighted this aspect as a concern for business rate payers and neither of the affected ratepayers has responded to the consultation.

6.0 Financial implications

6.1 Currently, the council contributes around £96,500 towards Discretionary Rate Relief. If the policy is applied to existing discretionary relief cases, only two applicants will be affected and the council's contribution will reduce by around £14,000.

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) Note the results of the consultation
- 2) Resolve to adopt the Discretionary Rate Relief Policy

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 Hadden, Revenue Manager					
Date: 4 October 2012					
CFO		MO		CX	

(Committee Report Normal Rev. 22)

Item 5 - Appendix A

Name of organisation	Comments	Current relief
Village hall Committee Chelveston	Policy was very clear and transparent	80% mandatory and 20% discretionary
Thurning Village Hall Committee	<p>Concerns that their discretionary relief will change</p> <p>Response No change in relief granted for organisation</p>	80% mandatory and 20% discretionary
Brigstock Cricket Club Brigstock	<p>Confirmation required that relief amount remains unchanged</p> <p>Response No change in relief granted for organisation</p>	80% mandatory and 20% discretionary
Rushden Town Cricket Club Rushden	<p>Confirmation that Community Amateur Sports Clubs relief unchanged</p> <p>Response No change in relief granted for organisation</p>	80% mandatory and 20% discretionary
Army Cadet Force Oundle & Rushden	A very useful document, fully informed on discretionary rate relief and appeals process	100% Discretionary relief
Oundle Town Bowling Club	<p>Point 4.1.3 bar income</p> <p>Response Responded by letter and minor amendment to policy wording to refer to 'surplus' rather than profit.</p>	50% discretionary
Barnwell Village Hall Barnwell	<p>Confirmation required that relief amount remains the same for village halls</p> <p>Response No change in relief granted for the organisation</p>	80% mandatory and 20% discretionary



East
Northamptonshire
Council

Business Rates Discretionary Relief Policy



This policy sets out this Council's scheme for charities, institutions, clubs and rural businesses.

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Change History

Issue	Date	Comments
V0.2	12062012	Includes CMT comments
V0.3	05072012	Includes P & R amendment to appeal process
V0.4.1	04102012	Includes consultation feedback
V 1.0	04102012	First published version

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 The Council has a duty to consider the cost to its' council tax payers of granting discretionary rate relief. Thus, where there is income from a bar, the relief is restricted. This recognises the potential for a club with a bar to raise its own funds via bar surplus rather than being reliant upon public funds.

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 and Academies 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 appeal, and any additional information, will be reviewed by a panel of members who will be appointed by the Leader of the Council.
- 4.4.5 Notification of the panel's decision will be sent to the customer within four weeks of receipt of their letter of appeal.