

CANNOCK CHASE COUNCIL

RATE RELIEF COMMITTEE

20 AUGUST 2007

REPORT OF HEAD OF COMMERCIAL OPERATIONS

NATIONAL NON-DOMESTIC RATES – CHARITABLE RELIEF

1. Purpose of Report

- 1.1 To advise Members of a further renewal application received in respect of National Non-Domestic Discretionary Charitable Relief for the financial year commencing 1 April 2007.
- 1.2 To advise Members of 2 new applications received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial years commencing 1 April 2006 and 1 April 2007.
- 1.3 To advise Members of a new application received in respect of National Non-Domestic Discretionary Charitable Relief for the financial year commencing 1 April 2006.
- 1.4 To advise Members of an application received in respect of National Non-Domestic Hardship Relief for the financial years commencing 1 April 2006 and 1 April 2007.
- 1.5 To note the action taken by the Head of Commercial Operations in approving applications for Mandatory Relief.
- 1.6 To consider and determine the granting of top-up Discretionary Relief from Non-Domestic Rates in respect of new and renewal applications for charities in receipt of Mandatory Relief.
- 1.7 To consider and determine the level of Discretionary Rate relief from Non-Domestic Rates in respect of new and renewal applications for non-profit making organisations.
- 1.8 To consider and determine the level of Hardship Rate Relief from Non-Domestic Rates in respect of the application received.

2. Background

- 2.1 The Grant Applications and Rate Relief Committee, at its meeting held on 13 March 2007, considered a report on National Non-Domestic Rates - rate relief applications for the financial year commencing 1 April 2007. The Committee noted the action of the Head of Commercial Operations in awarding mandatory relief. The Committee then considered a consolidated list of applications from all those organisations requesting annual renewal of their Mandatory and/or Discretionary Charitable Relief for the financial year 2007/08. The Committee noted each of the renewal requests and determined whether or not to grant discretionary relief in line with the percentage relief granted at the beginning of or during the previous year. Members also reserved the right to consider entitlement to *Small Business Rate Relief when determining future applications from 1 April 2008*. New applications were then considered separately on their merits.

2.2 This report details the following:

- (a) 1 late renewal for Discretionary Charitable Relief for the financial year 2007/08. (*Annex 2*)
- (b) 2 new applications for Mandatory and Discretionary Charitable Relief for the financial years 2006/07 and 2007/08. (*Annex 3*)
- (c) 1 new application for Discretionary Charitable Relief for the financial year 2006/07. (*Annex 4*)
- (d) 1 new application for Hardship Rate Relief for the financial years 2006/07 and 2007/08. (*Annex 5*)
- (e) The financial implications of granting the above Discretionary Reliefs.

2.3 Mandatory and Discretionary Charitable Relief Regulations

2.3.1 The relevant Mandatory and Discretionary rate relief regulations with regard to Charitable Relief contained in the Local Government Finance Act 1988 are attached to this report at *Annex 1* (page 1).

2.4 Hardship Relief

2.4.1 Section 49 of the Local Government Finance Act 1988 gives billing authorities a discretionary power to either reduce or remit occupied/unoccupied non-domestic rates. However, the authority can only exercise its discretion if it is satisfied on both of the following points:

- (a) the ratepayer would sustain hardship if the authority did not act; and
- (b) it is reasonable for the authority to do so, having regard to the interests of persons subject to its Council Tax, for example, where the employment in the area would be worsened if a company closed down.

2.4.2 In order to assist Members in considering applications for hardship relief, guidelines of the provisions of Section 49 of the Local Government Finance Act, 1988 are attached to this report at *Annex 1* (page 2).

2.5 Framework of Criteria

2.5.1 A framework of criteria for assessing eligibility for Discretionary relief was agreed by the Financial Sub-Committee on 9 February 1990. Details of the framework and a simplified précis, which Members might find useful, are attached to this report at *Annex 1* (pages 3 to 6).

2.5.2 Members may also wish to bear in mind the following points when considering applications for relief:-

- (a) in general, any reduction in the cost of administering a charity releases more funds to further the objects for which it exists, and

- (b) careful consideration should be given to bona fide cases for relief, taking into account the contribution which the organisation makes to the amenities of the area and
- (c) consideration should be given to the financial benefits of granting relief from rates as an offset against any annual assistance of grants given to clubs and organisations. In general, the cost to the Council taxpayer of granting rate relief may be less than cash grants.

3. Applications Received

- 3.1 *Annex 2* attached to this report contains 1 late renewal from the Royal British Legion Club for Discretionary Relief for the financial year 2007/08.
- 3.2 *Annex 3* attached to this report details 2 new applications from Work In Progress Ltd and Heath Hayes Cabin for Mandatory Relief and Discretionary Relief for the financial year 2006/07 and 2007/08.
- 3.3 *Annex 4* attached to this report details 1 new application from Edward Street Social Club for Discretionary Relief for the financial year 2006/07.
- 3.4 *Annex 5* attached to this report details 1 new application from Giraffe Leisure Ltd for Hardship Rate Relief for the financial years 2006/07 and 2007/08.
- 3.5 Members are reminded that each application should be considered on its merits, particularly as the Committee has previously agreed to inform applicants, who are refused relief, of the reasons for that refusal.
- 3.6 Members should also note that, from 1 April 1997, regulations now provide that Local Authorities may reach a decision to grant discretionary relief for a limited time after the end of a particular financial year. This means that applications for discretionary relief for 2006/07 may be considered up to the end of September 2007.

4. Decisions Required

- 4.1 In the case of the applications for Discretionary Relief, the Rate Relief Committee must consider and determine:-
 - (a) in respect of the 1 late renewals, the level of discretionary relief to be granted;
 - (b) in respect of the 2 new applications for 2006/07 and 2007/08, to note the action taken by the Head of Commercial Operations in approving Mandatory Relief;
 - (c) in respect of the 2 new applications for 2006/07, whether or not to "top-up" the Mandatory Relief by awarding additional Discretionary Relief; and whether or not to renew this award for 2007/08;
 - (d) in respect of the new application for 2006/07, whether or not to award Discretionary Relief and the level of Discretionary Relief to be granted;

- (e) in respect of the new application for 2006/07 and 2007/08, whether or not to award Hardship Relief and the level of Hardship Relief to be granted;
- (f) the period for which relief is to be granted, including renewals, and
- (g) the basis on which any relief is to be refused.

5. Financial Implications

5.1 Mandatory and Discretionary Charitable Relief

- 5.1.1 The full cost of mandatory relief to charities under Section 43 or 45 is borne by the Non-Domestic rate pool. Where an authority exercises its discretion and grants relief at a higher level than the 80% mandatory level, the amount of relief that would have been allowed under Section 43 and 45 will be offset against payments into the pool, together with 25% of the additional relief granted. Council Taxpayers meet the remaining 75% of the additional discretionary relief. Therefore, if 100% relief is granted to a charity, 85% of the cost is met by the Non-Domestic rate pool and 15% locally.
- 5.1.2 Where discretionary relief is granted to a non-profit making organisation, 75% of the cost is met by the Non-Domestic rate pool and 25% locally by Council Taxpayers.

5.2 Hardship Relief

- 5.2.1 The provisions of Section 49 provide that where hardship relief is granted to an organisation sustaining hardship, 75% of the cost is met by the Non-Domestic rate pool and 25% locally by Council Taxpayers.

5.3 Budgeted Relief for 2007/08

- 5.3.1 For 2007/08, an amount of £29,720.00 is included in the General Fund Budget to meet the Council's costs of discretionary relief granted. This amount is to cover renewals and new applications submitted to this meeting and any new applications for charitable, rural or hardship relief that might be submitted during the year. Currently, there remains £3,390.19 in the budget to meet these costs.
- 5.3.2 As an indication for Members, the table below sets out an example of the cost to the Council if discretionary relief is granted for 2006/07 and 2007/08 in respect of the new application included in **Annex 3** and **Annex 4**. Members should note that these amounts are in line with current awards of discretionary relief for other similar organisations.
- 5.3.3 Members should also note that the table below sets out an example of the cost to the Council if hardship relief is granted for 2006/07 and 2007/08 in respect of the application included in **Annex 5**. It should also be noted that the figures detailed in the table are only a guide and hardship relief can be granted at **any** level up to 100% provided Members have satisfied themselves on both points detailed at 2.5 of this report.

5.4 The cost to the Council if discretionary relief is granted as follows would be:-

<u>Application</u>	<u>Relief</u>	<u>Year</u>	<u>Cost to the Council</u>	
			£	
<i>Annex 2:</i> <i>(Late Renewal for 2006/07 – Discretionary Relief Only)</i>				
Royal British Legion Club (100721140)	25% Discretionary	2007/08	134.59	
<i>Annex 3:</i> <i>(New Applications for 2006/07 and 2007/08 – Mand& Disc)</i>				
Work In Progress (101105011)	10% top up relief	2006/07	22.95	
		2007/08	256.41	
Heath Hayes Cabin (101105930)	10% top up relief	2006/07	13.13	
		2007/08	88.25	
<i>Annex 4:</i> <i>(New Application for 2006/07 – Discretionary Relief Only)</i>				
Edward Street Social Club	25% Discretionary	2006/07	669.80	
<i>Annex 5:</i> <i>(New Application – Hardship Relief)</i>				
Giraffe Leisure Ltd	<u>UPTO</u> 100% Discretionary	2006/07	(50%) 171.49	(100%) 342.99
		2007/08	1,332.00	2,664.00
SUB TOTAL		2006/07	877.37	1,048.87
		2007/08	<u>1,811.25</u>	<u>3,143.25</u>
GRAND TOTAL			<u>2,688.62</u>	<u>4,192.12</u>
<i>Less Budget Remaining</i>			<i>3,390.19-</i>	<i>3,390.19-</i>
<i>Balance of Budget</i>			<i>701.57</i> <i>(surplus)</i>	<i>801.93</i> <i>(deficit)</i>

- 5.5 Members will note that if the proposal is to approve the renewal together with the new applications at 10% top-up discretionary relief and 25% discretionary relief then the budget of £3,390.19 would reduce by £1,185.13, leaving a balance of £2,205.06. This balance would then be further reduced depending on the level of hardship relief that Members may consider to award.
- 5.6 Members must consider that the remaining budget is the only provision in order to meet any further new or renewal applications received during the current financial year.
- 5.7 Should there be an excess of budget at the end of the financial year 2007/08 then this should be carried forward and added onto the budget for the new financial year 2008/09.

6. Recommendations

- 6.1 To note the action of the Head of Commercial Operations in awarding Mandatory Relief.
- 6.2 To consider the applications for discretionary relief on their merits, determine the amounts of discretionary relief to be granted and specify the basis on which any relief is refused.
- 6.3 To consider the application for hardship relief on its merits, determine the amount of hardship relief to be granted and specify the basis on which any relief is refused.