

CANNOCK CHASE COUNCIL

RATE RELIEF COMMITTEE

27 SEPTEMBER 2012

REPORT OF THE HEAD OF FINANCE

RESPONSIBLE PORTFOLIO LEADER – LEADER OF THE COUNCIL

NATIONAL NON-DOMESTIC RATES – CHARITABLE RELIEF

KEY DECISION – NO

1. Purpose of Report

- 1.1 To advise Members of 4 new applications received in respect of National Non-Domestic Mandatory Charitable Relief for the financial years commencing 1 April 2011 and 1 April 2012.
- 1.2 To advise Members of 4 new applications received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial years commencing 1 April 2011 and 1 April 2012
- 1.3 To advise Members of 1 resubmitted application received in respect of National Non-Domestic Discretionary Relief only for the financial year commencing 1 April 2012.
- 1.4 To advise Members of 1 new application received in respect of National Non-Domestic Discretionary Relief (*Local Discount*) only for the financial year commencing 1 April 2012.
- 1.5 To note the action taken by the Head of Finance 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 the new 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 the re-submitted application for a non-profit making organisation.

2. Recommendations

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| <ol style="list-style-type: none">2.1 To consider the applications for discretionary relief on their merits, determine the amounts of discretionary relief to be granted (whilst considering the limited amount of budget to be spent, as referred to in the financial implications) and specify the basis on which any relief is refused.2.2 To note the action of the Head of Finance in awarding Mandatory Relief.2.3 Should any application be refused, to specify the basis on which the relief is refused. |
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3. Conclusions and Reasons for the Recommendations

- 3.1 Officers will not recommend a rate of relief to be awarded in respect of particular applications. Members must treat each application on its own merits and have regard to the interests of Council Tax payers within the district.

4. Key Issues

- 4.1 Members are asked to determine the amount of relief to be awarded to each of the cases detailed in Annexes 2 – 7 having regard to the information provided in the applications and the interests of Council Tax payers within the district.
- 4.2 Members should note that the budget for 2012/13 has been reduced from £21,720 to £15,720; a reduction of £6,000. A new framework was agreed by Cabinet on 2 November 2011 in order to achieve the required savings. Member should note that there is insufficient capacity to implement all proposals within this report.

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Section 1**5. Background**

- 5.1 At Cabinet on 2 November 2011, Members agreed a new framework for considering the level of discretionary rate relief to be awarded in each category. A table of current levels of discretionary relief awarded is detailed below:

Type of Organisation	Mandatory Relief	Top Up Relief	Discretionary Relief	Percentage Relief
Educational Establishments	80%	0%	0%	80%
Birth Defects Foundation	80%	0%	0%	80%
Home Farm Trust Ltd	80%	0%	0%	80%
Housing 21	80%	0%	0%	80%
Advice, Support and Training Centres	80%	5%	0%	85%
Cannock Chase Community Care Committee (5C's Training)	80%	5%	0%	85%
Community Groups and Centres	80%	5%	0%	85%
Charity Shops	80%	5%	0%	85%
Scouts and Guides	80%	5%	0%	85%
Playing Fields	80%	5%	0%	85%
Working Men's Clubs	0%	0%	10%	10%
Other Social Clubs	0%	0%	10%	10%
Sports Clubs (without bars)	0%	0%	50%	50%
Sports Clubs (with bars)	0%	0%	10%	10%
CASCs	80%	5%	0%	85%

Type of Organisation	Mandatory Relief	Top Up Relief	Discretionary Relief	Percentage Relief
Wigan Leisure & Culture Trust	80%	20%	0%	100%

- 5.2 The Rate Relief Committee, at its meeting held on 31 January 2012, considered a report on National Non-Domestic Rates - rate relief applications for the financial year commencing 1 April 2012. The Committee noted the action of the Head of Finance 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 2012/13. The Committee noted each of the renewal requests and determined whether or not to grant discretionary relief in line with the recommended levels of relief included within the framework (see item 5.1). New applications were then considered separately on their merits.
- 5.3 When considering the level of discretionary relief to be awarded in each category for the financial year commencing 1 April 2012, Members should be mindful of the new framework which was approved by Cabinet on 2 November 2011. Cabinet agreed that in order to achieve the required savings of £6,000 then the current levels of relief should be reduced as follow:
- organisations currently receiving 7% Top Up Rate Relief be reduced to 5%
 - organisations currently receiving 15% Discretionary Rate Relief be reduced to 10%, and
 - organisations currently receiving 65% Discretionary Rate Relief be reduced to 50%.
- Notification has been sent to affected ratepayers to advise of the changes to discretionary rate relief entitlements from 1 April 2012.
- 5.4 As part of the process to outsource the Councils Leisure Services to Wigan Leisure and Culture Trust (WLCT), provision was made within the outsourcing agreement to award top-up discretionary rate relief at 20% in respect of the properties that have now transferred to the management of WLCT. Members should note that this agreement will not impact of the Rate Relief Budget and the framework above has been updated accordingly to reflect the new level of agreed relief.
- 5.5 From 1 April 2012 The Localism Act 2011 now extends the Council's flexibility in awarding discretionary rate relief. Clause 69 of the Localism Act amended Section 47 of the Local Government Finance Act 1988 and now allows the Council to reduce the Business Rates of any local ratepayer (not just those who can currently be granted Discretionary Relief). Central Government have committed to part fund Discretionary Reliefs in the same circumstances and to the same degree as in previous years. But the Council remains fully responsible for funding any other discounts granted.
- 5.6 **Community Amateur Sports Clubs (CASCs)**
- 5.6.1 Legislative provision has been made with regard to sports clubs that came into force with effect from 1 April 2004. This provision grants mandatory rate relief to any sports club that has registered with the Inland Revenue as a Community Amateur Sports Club (CASC). Billing authorities can also grant top-up discretionary relief thus effectively granting CASCs the same rights to business rate relief as registered charities. This relief will operate alongside the current discretionary scheme and therefore any sports club that has not registered with the Inland Revenue will continue to be eligible for discretionary relief as previously granted.

5.6.2 All sports clubs in the Cannock Chase District wishing to renew their relief for 2012/13 have been asked to confirm whether or not they are now registered as CASCs.

5.7 **Small Business Rate Relief**

5.7.1 The Small Business Rate Relief Scheme (SBRR) is a rate relief available to business ratepayers from April 2005. The scheme is aimed at helping small businesses that occupy properties with a rateable value of under £18,000. The level of relief granted will vary depending on the rateable value of the property. Organisations that qualify for mandatory relief are excluded for the small business rate relief scheme. However, discretionary rate relief can be granted to organisations in receipt of SBRR.

5.8 **Framework of Criteria**

5.8.1 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).

5.8.2 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.

Section 2

6. **Details of Matters to be Considered**

6.1 **Annex 2** attached to this report details 2 new applications from Newlife Trading Ltd and South Staffs College for Mandatory Relief only for the financial year 2012/13.

6.2 **Annex 3** attached to this report details 2 new applications from Chase Learning Trust for Mandatory Relief only for the financial years 2011/12 and 2012/13.

6.3 **Annex 4** attached to this report details 2 new applications from Beacon Centre for the Blind and YMCA Charity Shops for Mandatory and Discretionary Relief for the financial year 2012/13.

6.4 **Annex 5** attached to this report details 2 new applications from The Richmond Fellowship and Public Safety Charitable Trust for Mandatory and Discretionary Relief for the financial years 2011/12 and 2012/13.

6.5 **Annex 6** attached to this report details 1 re-submitted application from Brereton Sports and Social Club for Discretionary Relief only for the financial year 2012/13.

6.6 **Annex 7** attached to this report details 1 new application from the MP Help Zone (A Burley MP) for Discretionary Relief (Local Discount) only for the financial year 2012/13.

6.7 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.

- 6.8 Members should also note that, from 1 April 1997, regulations 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 2011/12 may be considered up to the end of September 2012.

Section 3

7. Contribution to CHASE

There are no identified implications arising from this report.

Section 4

8. Financial Implications

8.1 Mandatory and Discretionary Charitable Relief

- 8.1.1 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.

- 8.1.2 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.

8.2 Budgeted Relief for 2012/13

- 8.2.1 For 2012/13, an amount of £15,720.00 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. Following the Rate Relief Committees on 31 January 2012 and 28 June 2012 a total of £13,973.53 has been awarded in relief from the 2012/13 budget; currently, there remains £1,746.47 in the budget to meet further costs.

- 8.2.2 As an indication for Members, the table below sets out an example of the cost to the Council if discretionary relief is granted for 2011/12 and 2012/13 in respect of the new and resubmitted applications included in **Annexes 2-7**. Members should note that these amounts are in line with current awards of discretionary relief for other similar organisations.

- 8.3 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> £
<u>Annex 2: (New Applications for 2012/13 –Mandatory Relief Only)</u>			
Newlife Trading Ltd (101153610)	MAND ONLY	2012/13	0.00

South Staffordshire College (101154648)	MAND ONLY	2012/13	0.00
<i>Annex 3: (New Application for 2011/12 & 2012/13 –Mandatory Relief Only)</i>			
Chase Learning Trust (101152873) MAIN ASSESSMENT	MAND ONLY	2011/12	0.00
		2012/13	0.00
Chase Learning Trust (101154622) SCHOOL PLAYING FIELDS	MAND ONLY	2011/12	0.00
		2012/13	0.00
<i>Annex 4: (New Applications for 2012/13 - Mand & Disc Relief)</i>			
Beacon Centre for the Blind (101153487)	5% top-up relief	2012/13	342.15
YMCA Charity Shop (101153788)	5% top-up relief	2012/13	121.76
<i>Annex 5: (New Applications for 2011/12 & 2012/13 – Mand & Disc)</i>			
The Richmond Fellowship (101148764)	7% top-up relief	2011/12	58.88
	5% top-up relief	2012/13	206.10
Public Safety Charitable Trust (101149187)	7% top-up relief	2011/12	1.41
	5% top-up relief	2012/13	0.42
<i>Annex 6: (Re-submitted Application for 2012/13–Discretionary Relief Only)</i>			
Brereton Sports & Social Club (101155676)	10% disc relief	2012/13	80.44
SUB TOTAL		2011/12	60.29
		2012/13	750.87
<i>Annex 7: (New Application for 2012/13–Disc Relief-Local Discount)</i>			
MP Help Zone – A Burley MP (101135971)	100% disc relief	2012/13	5,850.00
	50% disc relief	2012/13	2,925.00
SUB TOTAL			100% 50%
		2012/13	5,850.00 2,925.00

			100%	50%
GRAND TOTAL			<u>6,661.16</u>	<u>3,736.16</u>
<i>Less Budget Remaining</i>			-1,746.47	
			100%	50%
BALANCE OF BUDGET			<u>(4,914.69)</u> <i>(DEFICIT)</i>	<u>(1,989.69)</u> <i>(DEFICIT)</i>

- 8.4 Members will note that if the proposal is to approve the new applications at 7% (2011/12) and 5% (2012/13) top-up discretionary relief together with the re-submitted application for discretionary rate relief at 10%, then the budget remaining of £1,746.47 would reduce by £811.16, leaving a balance of £935.31.
- 8.5 Should Members decide to award a Local Discount of discretionary relief in respect of the new application submitted by the MP Help Zone (A Burley MP), then the budget would further reduce depending upon the level of relief that Members may consider to award.
- 8.6 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 2012/13. There is no scope within existing approved budgets to meet any shortfall in rate relief.
- 8.7 Should Members agree to relief in excess of the approved Discretionary Rate Relief budget for 2012/13 then this report should be referred to Cabinet to allow compensating savings to be identified to enable the required Supplementary Estimate to be granted.
- 8.8 Should there be an excess of budget at the end of the financial year 2012/13 then this should be carried forward and added onto the budget for the new financial year 2013/14.

Section 5

9. Human Resource Implications

- 9.1 There are no identified implications arising from this report.

Section 6

10. Legal Implications

10.1 Mandatory and Discretionary Charitable Relief Regulations

- 10.1.1 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).

Section 7

11. Section 17 (Crime Prevention)

- 11.1 There are no identified implications arising from this report.

Section 8

12. Human Rights Act Implications

12.1 There are no identified implications arising from this report.

Section 9

13. Data Protection Act Implications

13.1 There are no identified implications arising from this report.

Section 10

14. Risk Management Implications

14.1 There are no identified implications arising from this report.

Section 11

15. Equality and Diversity Implications

15.1 There are no identified implications arising from this report.

Section 12

16. Other Options Considered

16.1 Members have discretion as to the amount of relief to be awarded.

Section 13

17. List of Background Papers

17.1 There are no background papers attached to this report.

18. Annexes

Annex 1 Mandatory and Discretionary Charitable Relief Regulations

Annex 1 Members' Guidelines and Framework of Criteria

Annex 2 2 New Applications for Mandatory Relief Only for 2012/13

Annex 3 2 New Applications for Mandatory Relief Only for 2011/12 & 2012/13

Annex 4 2 New Applications for Mandatory and Discretionary Relief for 2012/13

Annex 5 2 New Applications for Mandatory and Discretionary Relief for 2011/12 & 2012/13

Annex 6 1 Re-submitted Application for Discretionary Relief for 2012/13

Annex 7 1 New Application for Discretionary Relief (Local Discount) for 2012/13