

**CANNOCK CHASE COUNCIL**

**RATE RELIEF COMMITTEE**

**26 JANUARY 2011**

**REPORT OF THE HEAD OF FINANCIAL MANAGEMENT**

**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 renewal applications received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial year commencing 1 April 2011.
- 1.2 To advise Members of new applications received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial years commencing 1 April 2010 and 1 April 2011.
- 1.3 To advise Members of 3 new re-submitted applications received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial year commencing 1 April 2011.
- 1.4 To note the action taken by the Head of Financial Management in approving applications for Mandatory Relief.
- 1.5 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.
- 1.6 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.

**2. Recommendations**

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| <ol style="list-style-type: none"><li>2.1 To note the action of the Head of Financial Management in awarding Mandatory Relief.</li><li>2.2 To consider the applications for discretionary relief on their merits and determine the amounts of discretionary relief to be granted, subject to approval of the 2011/12 budget by Council.</li><li>2.3 Should any applications be refused, to specify the basis on which the relief is refused.</li></ol> |
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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.
- 3.2 Members will be mindful that at Cabinet on 20 November 2008, a new framework for considering levels of discretionary rate relief was adopted. A table detailing current levels of rate relief awarded in each category can be found at 5.2 in this report.

**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 – 5 having regard to the information provided in the applications and the interests of Council Tax payers within the district.

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**Section 1****5. Background**

- 5.1 The Rate Relief Committee, at its meeting held on 27 January 2010, considered a report on National Non-Domestic Rates - rate relief applications for the financial year commencing 1 April 2010. In addition to receiving new applications, the Committee noted all those organisations requesting annual renewal of their Mandatory and Discretionary Charitable Relief for the financial year 2010/11. The Committee noted the action of the Head of Financial Management in awarding mandatory relief and went on to determine, from a consolidated list of applicants, whether or not to renew discretionary relief in line with what had previously been granted at the beginning of or during the previous year. New applications were then considered separately on their merits.
- 5.2 At Cabinet on 20 November 2008, 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%	7%	0%	87%
Cannock Chase Community Care Committee (5C's Training)	80%	7%	0%	87%
Community Groups and Centres	80%	7%	0%	87%
Charity Shops	80%	7%	0%	87%
Scouts and Guides	80%	7%	0%	87%
Playing Fields	80%	7%	0%	87%
Working Men's Clubs	0%	0%	15%	15%

Type of Organisation	Mandatory Relief	Top Up Relief	Discretionary Relief	Percentage Relief
Other Social Clubs	0%	0%	15%	15%
Sports Clubs (without bars)	0%	0%	65%	65%
Sports Clubs (with bars)	0%	0%	15%	15%
CASCs	80%	7%	0%	87%

### 5.3 **Community Amateur Sports Clubs (CASCs)**

- 5.3.1 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.
- 5.3.2 All sports clubs in the Cannock Chase District wishing to renew their relief for 2011/12 have been asked to confirm whether or not they are now registered as CASCs.

### 5.4 **Small Business Rate Relief**

- 5.4.1 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.

### 5.5 **Criteria for Assessing Eligibility**

- 5.5.1 Criteria for assessing eligibility for Discretionary relief was agreed by the Financial Sub-Committee on 9 February 1990. Details of the criteria and a simplified précis, which Members might find useful, are attached to this report at **Annex 1** (pages 3 to 6).
- 5.5.2 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.

## Section 2

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

- 6.1 **Annex 2** attached to this report summarises by category, all the organisations seeking to renew their application for charitable relief for the financial year 2011/12. This summary approach was taken in the interests of Best Value with the aim of streamlining procedures and reducing time spent on administration. It was adopted by this Committee when considering renewal applications for 2002/03. Each organisation detailed has completed and returned their annual renewal form for the new financial year. The Annex also shows the cost to the General Fund of granting Discretionary Rate Relief for 2011/12 at the levels adopted in the new framework approved by Cabinet on 20 November 2008.
- 6.2 **Annex 3** attached to this report details 2 new applications from Chase Council for Voluntary Services and Newlife Trading Ltd for Mandatory and Discretionary Relief for the financial years 2010/11 and 2011/12.
- 6.3 **Annex 4** attached to this report details 1 new application from The Home Farm Trust Ltd for Mandatory and Discretionary Relief for the financial year 2011/12.
- 6.4 **Annex 5** attached to this report details 3 re-submitted new applications from Newlife Trading Ltd for Mandatory and Discretionary Relief for the financial year 2011/12.
- 6.5 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.
- 6.6 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 rate relief for 2010/11 may be considered up to the end of September 2011.

## 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 2010/11**

8.2.1 For 2010/11, an amount of £21,720.00 is included in the General Fund Budget to meet the Council's costs of discretionary relief granted. Currently, there remains £2,508.10 in the budget to meet these costs.

8.2.2 As an indication for Members, the table below sets out an example of the cost to the Council if top-up discretionary relief is granted for 2010/11 in respect of the new applications included in **Annex 3**; and if discretionary relief is granted for 2010/11 in respect of the new application included within **Annex 4**. 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> £
<b><i>Annex 3: (New Applications – Mandatory &amp; Discretionary Relief)</i></b>			
Chase Council for Voluntary Services (101137966) <i>Unit 1 Riverside, Rugeley</i>	7% top-up relief	2010/11	90.83
Newlife Trading Ltd (101136475) <i>Unit 3 The Retail Park, Hawkes Green</i>	7% top-up relief	2010/11	1,445.38
<b>TOTAL</b>			<b>1,536.21</b>
<b>Less Budget Remaining</b>			<b>2,508.10</b>
<b>Balance of Budget</b>			<b>971.89</b> (SURPLUS)

- 8.3.1 Members will note that if the proposal is to approve the new applications at 7% top-up discretionary relief then the remaining budget of £2,508.10 would reduce by £1,536.21 leaving a balance of £971.89.
- 8.3.2 Members must consider that the remaining budget is the only provision in order to meet any new or renewal applications received during the financial year 2010/11. There is no scope within existing approved budgets to meet any shortfall in rate relief.
- 8.3.3 Should Members agree to relief in excess of the approved Discretionary Rate Relief budget for 2010/11 then this report should be referred to Cabinet to allow compensating savings to be identified to enable the required Supplementary Estimate to be granted.
- 8.3.4 Should there be an excess of budget at the end of the financial year 2010/11 then this should be requested to be carried forward and added onto the budget for the new financial year 2011/12.

8.4 Budgeted Relief for 2011/12

- 8.4.1 The Budget for 2011/12 will be determined by Council on 16<sup>th</sup> February 2011. An amount of £21,720 is included in the draft budget. If approved, this amount plus any surplus for 2010/11, for which rollover is approved, will be included in the General Fund Budget to meet the Council's costs of discretionary relief granted. This is to cover renewals, new applications submitted to this meeting and any new applications for charitable, rural or hardship relief that might be submitted during the year. If the 2011/12 budget is not approved, a further meeting of the Rate Relief Committee may be required to reconsider the relief awards.

8.5 Estimate for Rate Relief Renewals for 2011/12

- 8.5.1 The table below sets out for Members the total amount of Mandatory and Discretionary Relief to be awarded for 2011/12 should they determine to award relief in line with the new framework adopted by Cabinet on 20 November 2008. **Annex 2** attached to this report details the renewal applications for 2011/12 together with the new levels of Discretionary Relief.
- 8.5.2 Members should note that the amounts of Mandatory and Discretionary Relief detailed in the estimate below are for a full year, in some cases the amount of relief may cease or be reduced thus freeing up more budget for the remainder of the financial year.

TYPE OF RELIEF	PERCENTAGE RELIEF	AMOUNT OF RELIEF £	PROPORTION OFFSET AGAINST PAYMENTS INTO NDR POOL £	PROPORTION BORNE LOCALLY BY COUNCIL TAXPAYERS £
(Charitable)			(100%)	(0%)
Mandatory	80%	742,534.77	742,534.77	0.00
Discretionary	7% top-up	18,162.51	(25%) 4,540.63	(75%) 13,621.88
Discretionary	Up to 100%	15,272.63	(75%) 11,454.47	(25%) 3,818.16
<b>TOTALS</b>		775,969.91	758,529.87	17,440.04
<b>Budget 2011/12</b>				<b>£21,720.00</b>
<b>Budget Remaining</b>				<b><u>£4,279.96</u></b>

#### 8.6 New Applications for 2011/12

8.6.1 Assuming that Members determine to award Mandatory and Discretionary Relief for 2011/12 as set out in **Annex 2** then the budget remaining will be £4,279.96.

8.6.2 As a guide for Members, the table below identifies the costs to the Council should they choose to determine to award top-up discretionary relief in respect of the new and resubmitted applications included in **Annex 3 – 5**.

<u>Application</u>	<u>Relief</u>	<u>Year</u>	<u>Cost to the Council</u> £
<b><u>Annex 3: (New Applications – Mandatory &amp; Discretionary Relief)</u></b>			
Chase Council for Voluntary Services (101137966) Unit 1 Riverside, Rugeley	7% top-up relief	2011/12	186.41

Newlife Trading Ltd (101136475) <i>Unit 3 The Retail Park, Hawkes Green</i>	7% top-up relief	2011/12	1,511.72
<b><i>Annex 4: (New Application – Mandatory &amp; Discretionary Relief)</i></b>			
The Home Farm Trust Ltd (101018399) <i>6 Upper Brook Street, Rugeley</i>	7% top-up relief	2011/12	238.70
<b>SUB TOTAL</b>			<b><u>1,936.83</u></b>
<b><i>Annex 5: (Re-Submitted Applications – Mandatory &amp; Discretionary Relief)</i></b>			
Newlife Trading Ltd (101064165) <i>Unit 1 Hemlock Business Park</i>	7% top-up relief	2011/12	2,523.31
Newlife Trading Ltd (101064178) <i>Unit 2 Hemlock Business Park</i>	7% top-up relief	2011/12	3,512.12
Newlife Trading Ltd (101127154) <i>Unit 2 On-Line Business Ctr, Bridgtown</i>	7% top-up relief	2011/12	2,011.83
<b>SUB TOTAL</b>			<b><u>8,047.26</u></b>
<b>TOTAL</b>			<b><u>9,984.09</u></b>
<b><i>Less Budget Remaining</i></b>			<b>£4,279.96</b>
<b>Balance of Budget</b>			<b><u>£5,704.13</u></b> <i>(DEFICIT)</i>

8.6.3 If the proposal is to approve the new applications at 7% top-up discretionary relief then the remaining budget of £4,279.96 would reduce by £1,936.83 leaving a balance of £2,343.13. This balance would then be further reduced by up to £8,047.26 leaving a deficit of £5,704.13 should Members approve top-up discretionary relief at 7% for the re-submitted applications. The remaining balance will be required to meet contingencies throughout the remainder of the year.

8.6.4 Members must consider that the remaining budget is the only provision in order to meet any further new or renewal applications received during the financial year 2011/12. There is no scope within existing approved budgets to meet any shortfall in rate relief.

8.6.5 Should Members agree to relief in excess of the approved Discretionary Rate Relief budget for 2011/12 then this report should be referred to Cabinet to allow compensating savings to be identified to enable the required Supplementary Estimate to be granted.

8.6.6 Should there be an excess of budget at the end of the financial year 2011/12 then this should be requested to be carried forward and added onto the budget for the new financial year 2012/13.

**Section 5**

**9. Human Resource Implications**

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)**

There are no identified implications arising from this report.

**Section 8**

**12. Human Rights Act Implications**

There are no identified implications arising from this report.

**Section 9**

**13. Data Protection Act Implications**

There are no identified implications arising from this report.

**Section 10**

**14. Risk Management Implications**

There are no identified implications arising from this report.

**Section 11**

**15. Equality and Diversity Implications**

There are no identified implications arising from this report.

**Section 12**

**16. Other Options Considered**

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

**Section 13**

**17. List of Background Papers**

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*** Schedule of Renewals for 2011/12

***Annex 3*** 2 New Applications for Mandatory and Discretionary Relief for 2010/11 and 2011/12

***Annex 4*** 1 New Application for Mandatory and Discretionary Relief for 2011/12

***Annex 5*** 3 Re-Submitted Applications for Mandatory and Discretionary Relief for 2011/12