

CANNOCK CHASE COUNCIL

GRANT APPLICATIONS AND RATE RELIEF COMMITTEE

15 AUGUST 2006

REPORT OF HEAD OF COMMERCIAL OPERATIONS

NATIONAL NON-DOMESTIC RATES – CHARITABLE RELIEF

1. Purpose of Report

- 1.1 To advise Members of further renewal applications received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial year commencing 1 April 2006.
- 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 2005 and 1 April 2006.
- 1.3 To note the action taken by the Head of Commercial Operations in approving applications for Mandatory Relief.
- 1.4 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.
- 1.5 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. Background

- 2.1 The Grant Applications and Rate Relief Committee, at its meeting held on 7 March 2006, considered a report on National Non-Domestic Rates - rate relief applications for the financial year commencing 1 April 2006. 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 2006/07. 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 2007*. New applications were then considered separately on their merits.

2.2 This report details the following:

- (a) 1 late renewal for Mandatory and Discretionary Charitable Relief for the financial year 2006/07. (*Annex 2*)
- (b) 1 late renewal for Discretionary Charitable Relief for the financial year 2006/07. (*Annex 3*)
- (c) 1 new applications for Mandatory Charitable Relief for the financial years 2005/06 and 2006/07. (*Annex 4*)
- (d) 1 new application for Mandatory and Discretionary Charitable Relief for the financial year 2006/07. (*Annex 5*)
- (e) 1 new application for Discretionary Charitable Relief for the financial years 2005/06 and 2006/07. (*Annex 6*)
- (f) 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 set out in the Members` Handbook under Business Rates Relief, pages 1 to 6, a copy of which is attached to this report at Annex 1.

2.4 Framework of Criteria

2.4.1 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 precis, which Members might find useful, are set out in the Members` Handbook under Business Rates Relief, pages 3 to 6. (*See Annex 1*).

2.4.2 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 for top-up Discretionary Relief for the financial year 2006/07.
- 3.2 *Annex 3* attached to this report contains 1 late renewal for Discretionary Relief for the financial year 2006/07.
- 3.3 *Annex 4* attached to this report details 1 new application for Mandatory Relief for the financial years 2005/06 and 2006/07.
- 3.4 *Annex 5* attached to this report details 1 new application for Mandatory Relief and Discretionary Relief for the financial year 2006/07.
- 3.5 *Annex 6* attached to this report details 1 new application for Discretionary Relief for the financial years 2005/06 and 2006/07.
- 3.6 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.
- 3.7 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 2005/06 may be considered up to the end of September 2006.

4. Decisions Required

- 4.1 In the case of the applications for Discretionary Relief, the Grant Applications and Rate Relief Committee must consider and determine:-
- (a) in respect of the 2 late renewals, the level of discretionary relief to be granted;
 - (b) in respect of the new application for 2005/06 and 2006/07, to note the action taken by the Head of Commercial Operations in approving Mandatory Relief.
 - (c) in respect of the new application for 2006/07, whether or not to "top-up" the Mandatory Relief by awarding additional Discretionary Relief;
 - (d) in respect of the new application for 2005/06 and 2006/07, whether or not to award Discretionary Relief and the level of Discretionary Relief to be granted;
 - (e) the period for which relief is to be granted, and
 - (f) 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.

5.1.3 For 2006/07 an amount of £29,720 was included in the General Fund Budget and currently, there remains £1,537.36 to meet these costs.

5.2 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>
			£
Annex 2: <i>(Late Renewal for 2006/07 – Mand & Disc)</i>			
Rugeley Sea Scouts (100729346)	10% top up relief	2006/07	49.52
Annex 3: <i>(Late Renewal for 2006/07 – Discretionary Relief Only)</i>			
Royal British Legion Club (100721140)	25% Discretionary	2006/07	131.25
Annex 4: <i>(New Application for 2005/06 and 2006/07 – Mandatory Only)</i>			
Walbrook Housing Association Ltd (101097996)	Mand Relief Only	2005/06 2006/07	0.00 0.00

Annex 5: <i>(New Application for 2006/07 – Mand & Disc)</i>			
Family Focus (101097187)	10% top up relief	2006/07	58.55
Annex 6: <i>(New Application for 2005/05 and 2006/07 – Discretionary Relief Only)</i>			
Little Friends Day Nursery (101094423)	100% Discretionary	2005/06	(50%) 211.00
	50% Discretionary	2006/07	(100%) 422.00
			<u>216.50</u> <u>433.00</u>
SUB TOTAL		2005/06 2006/07	211.00 455.82
GRAND TOTAL			<u>666.82</u> <u>1,094.32</u>

5.2.1 If the proposal is to approve the above renewals together with the new applications at 10% and 100% then there would be a surplus of £443.04 in the budget. (*Remaining Budget £1,537,36 less £1,094.32*)

5.2.2 If the proposal is to approve the above renewals together with the new applications at 10% and 50% then there would be a surplus of £870.54 in the budget. (*Remaining Budget £1,537,36 less £666.82*)

5.2.3 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.

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.