

CANNOCK CHASE COUNCIL

RATE RELIEF COMMITTEE

3 MARCH 2008

REPORT OF THE DIRECTOR OF GOVERNANCE

NATIONAL NON-DOMESTIC RATES – CHARITABLE RELIEF

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 2008.
- 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 2007 and 1 April 2008.
- 1.3 To advise Members of a further renewal application received in respect of National Non-Domestic Mandatory and Discretionary Charitable Relief for the financial year commencing 1 April 2007.
- 1.4 To note the action taken by the Head of Commercial Operations in approving new and renewal 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 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 renewal applications for non-profit making organisations.

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. 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 2007/08. The Committee noted the action of the Head of Commercial Operations 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.
- 2.2 When considering the level of discretionary relief to be awarded in each category for the financial year 2007/08, the Committee took cognisance of the decision, reached in March 2001, to halve the discretionary relief previously given in each category. These were 20% top-up relief reduced to 10%, 100% relief reduced to 50% and 50% relief reduced to 25%. They determined to maintain these levels for 2007/08 in respect of the first and the last of these categories. It was noted, however, that, of the 6 Sporting Organisations that had previously been in receipt of 100% relief subsequently reduced to 50%, 4 had successfully appealed and had had that relief increased to 75%. Members determined therefore that, in order to be consistent, the remaining 2 organisations should also receive 75% relief for the forthcoming year.

2.3 **Community Amateur Sports Clubs (CASCs)**

- 2.3.1 A new 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.
- 2.3.2 All sports clubs in the Cannock Chase District wishing to renew their relief for 2008/09 have been asked to confirm whether or not they are now registered as CASCs. Their responses and current situation is summarised under a separate heading on the list of renewal applications.

2.4 **Small Business Rate Relief**

- 2.4.1 The Small Business Rate Relief Scheme (SBRR) is a new rate relief available to business ratepayers from April 2005. The scheme is aimed at helping small businesses that occupy properties with a rateable value (in the 2005 Rating List) of under £15,000. 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.
- 2.4.2 All organisations qualifying for SBRR have been identified with (*) in the list of applicants set out in Annex 2. There are 12 organisations in total.
- 2.4.3 Members at the meeting of the Grant Applications and Rate Relief Committee, held on 13 March 2007, reserved the right to consider entitlement to small business rate relief when determining applications for discretionary rate relief from 1 April 2008.

2.5 **Mandatory and Discretionary Charitable Relief Regulations**

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

2.6 **Framework of Criteria**

- 2.6.1 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).
- 2.6.2 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 by 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 summarises, by category, all the organisations seeking to renew their application for charitable relief for the financial year 2008/09. 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 has confirmed on its Review Form that it is continuing to operate on the same basis as when its relief was previously granted. The Annex also shows the percentage of discretionary relief granted for the year 2007/08 and the cost to the General Fund of granting the same percentage for the year 2008/09. Organisations qualifying for SBRR have been identified with an (*) and a summary of Sports Clubs and whether or not their circumstances have been changed by the new legislation is listed at the end of the Annex.
- 3.2 **Annex 3** attached to this report details 4 new applications for Mandatory and Discretionary Charitable Relief for the financial years 2007/08 and 2008/09.
- 3.3 **Annex 4** attached to this report details 2 new applications from Connexions Staffordshire Ltd, for Mandatory and Discretionary Charitable Relief, for the financial year 2007/08 and 2008/09. These applications have been resubmitted following the change in status of the organisation.
- 3.4 **Annex 5** attached to this report details 1 late renewal application from 1st Rugeley Scout Group, for Mandatory and Discretionary Relief for the financial year 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 the refusal.

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 renewals, the level of discretionary relief to be granted in each category for the financial year 2008/09 - (**Annex 2**),
 - (b) in respect of the 4 new applications for 2007/08, whether or not to “top up” the Mandatory Relief by awarding additional Discretionary Relief; and whether or not to renew this award for 2008/09 - (**Annex 3**),

- (c) in respect of the 2 re-submitted new applications for 2007/08, whether or not to “top up” the Mandatory Relief by awarding additional Discretionary Relief; and whether or not to renew this award for 2008/09 - (**Annex 4**),
- (d) in respect of the late renewal, the level of discretionary relief to be granted – (**Annex 5**),
- (e) in respect of those organisations eligible for Small Business Rate Relief, Members may wish to consider the level of Discretionary Relief given to organisations who now qualify for SBRR. Those properties and organisations affected are marked with an (*) on the attached schedule of renewals – (**Annex 2**),
- (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 New Applications for 2007/08

- 5.2.1 For 2007/08 an amount of £29,720 was included in the General Fund Budget to meet the Council's costs of discretionary relief granted. Currently, there remains £1,948.05 in the budget to meet these costs.
- 5.2.2 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 2007/08 at 10% in respect of the new applications included in **Annex 3** and **Annex 4**. Members should note that this amount is in line with current awards of top-up discretionary relief for other similar organisations.

ENCLOSURE 4.5

<u>Application</u>	<u>Relief</u>	<u>Year</u>	<u>Cost to the Council</u> <u>£</u>
<i>Annex 3: (New Application – Mandatory and Discretionary Relief)</i>			
Avon Business & Leisure Ltd – 101111869 (Avon Business & Leisure Ctr, Avon Road, Cannock)	10% top up relief	2007/08	551.45
KONCAS – 101111571 (Unit 13 Jerome Road, Norton Canes)	10% top up relief	2007/08	192.02
Bridgtown Community Centre – 10111539 (Community Centre, Orbital Plaza)	10% top up relief	2007/08	251.93
2 nd Rugeley Scout Group – 101112525 (Sheep Fair Community Centre, Sheep Fair, Rugeley)	10% top up relief	2007/08	123.21
<i>Annex 4: (Resubmitted New Applications – Mandatory and Discretionary Relief)</i>			
Connexions Staffordshire Ltd – 101094070 (84 High Green, Cannock)	10% top up relief	2007/08	242.38
Connexions Staffordshire Ltd - 101071763 (11 Queen Street, Cannock)	10% top up relief	2007/08	87.86
<i>Annex 5: (Late Renewal – Mandatory and Discretionary Relief)</i>			
1 st Rugeley Scout Group – 100727500 (Keystone Lane, Rugeley)	10% top up relief	2007/08	67.43
Totals			£1,516.28
Less Budget Remaining			£1,948.05
BALANCE OF BUDGET			<u>£ 431.77 (surplus)</u>

5.2.3 Members will note that if the proposal is to grant top-up discretionary relief at 10% then the budget of £1,948.05 would reduce by £1,516.28, leaving a balance of £431.77.

5.2.4 Subject to approval, should there be an excess of budget at the end of the financial year 2007/08 then this should be requested to be carried forward and added onto the budget for the new financial year 2008/09.

5.3 **Budgeted Relief for 2008/09**

5.3.1 For 2008/09, an amount of £29,720 + £431.77 surplus for 2007/08 (***rollover subject to approval***), is 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.

5.4 **Estimate for Rate Relief Renewals for 2008/09**

5.4.1 The table below sets out for Members the total amount of Mandatory and Discretionary Relief to be awarded for 2008/09 should they determine to award relief as previously granted and as set out in ***Annex 2*** to this report.

5.4.2 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) Mandatory	80%	520,803.36	520,803.36	0.00
Discretionary	10% top-up	22,795.08	(25%) 5,698.77	(75%) 17,096.31
Discretionary	Up to 100%	29,871.19	(75%) 22,403.39	(25%) 7,467.80
TOTALS		573,469.63	548,905.52	24,564.11
Budget Surplus 2007/08			(Subject to approval)	£431.77
Budget 2008/09				£29,720.00
Budget Remaining				£5,587.66

5.5 **New Applications for 2008/09**

5.5.1 Assuming that Members determine to award Mandatory and Discretionary Relief for 2008/09 as set out in ***Annex 2*** then the budget remaining will be £5,587.66.

5.5.2 As a guide for Members, the table below identifies the costs to the Council should they choose to determine top-up discretionary relief at 10% in respect of the new and resubmitted applications included in ***Annex 3*** and ***Annex 4***.

ENCLOSURE 4.7

<u>Application</u>	<u>Relief</u>	<u>Year</u>	<u>Cost to the Council</u> <u>£</u>
Annex 3: (New Application – Mandatory and Discretionary Relief)			
Avon Business & Leisure Ltd – 101111869 (Avon Business & Leisure Ctr, Avon Road, Cannock)	10% top up relief	2008/09	658.35
KONCAS – 101111571 (Unit 13 Jerome Road, Norton Canes)	10% top up relief	2008/09	545.74
Bridgtown Community Centre – 10111539 (Community Centre, Orbital Plaza)	10% top up relief	2008/09	450.45
2 nd Rugeley Scout Group – 101112525 (Sheep Fair Community Centre, Sheep Fair, Rugeley)	10% top up relief	2008/09	256.41
Annex 4: (Resubmitted New Applications – Mandatory and Discretionary Relief)			
Connexions Staffordshire Ltd – 101094070 (84 High Green, Cannock)	10% top up relief	2008/09	831.60
Connexions Staffordshire Ltd - 101071763 (11 Queen Street, Cannock)	10% top up relief	200/09	301.46
Totals			<u>£3,044.01</u>
Less Budget Remaining			<u>£5,587.66</u>
BALANCE OF BUDGET			<u>£ 2,543.65 (surplus)</u>

- 5.5.3 If the proposal is to grant the above applications at 10% then the budget of £5,587.66 would be reduced by £3,044.01, leaving a balance of £2,543.65 to meet contingencies throughout the remainder of the year.
- 5.5.4 Should there be an excess of budget at the end of the financial year 2008/09 then this should be requested to be carried forward and added onto the budget for the new financial year 2009/010.
- 5.5.5 The budget to be made available from 1st April 2009 onwards is currently being reviewed by the Council. If a reduction in this budget is confirmed, members will need to review the amount of relief offered to the various organisations, and the methodology for determining that relief, from 2009/10 onwards. Work will be undertaken during 2008/09 to develop the new approach and advise the affected organisations accordingly.
- 5.5.6 The applications being considered in this report are in respect of 2008/09 and so not affected by this change.

6. **Recommendations**

- 6.1 To note the action of the Head of Commercial Operations in awarding Mandatory Relief.
- 6.2 To determine the amounts of Discretionary relief to be granted in each category.
- 6.3 To consider the new and renewal applications on their merits and specify the basis on which any relief is refused.