

CABINET

1st April 2014

NON-DOMESTIC RATES DISCRETIONARY RELIEF POLICIES

Report of the Director for Resources

STRATEGIC AIM:	All		
KEY DECISION	No	DATE ITEM FIRST APPEARED ON FORWARD PLAN	February 2014

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present Cabinet with an updated Non-Domestic discretionary rate relief policy and to seek approval for a newly introduced retail rate relief policy.

2. RECOMMENDATIONS

- 2.1 **That Cabinet approves the non-domestic rates discretionary relief policy (Appendix A).**
- 2.2 **That Cabinet approves the non-domestic rates retail relief policy (Appendix B).**

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To ensure that the Council has up-to-date discretionary relief policies that allows it to support those organisations in greatest need and to provide a scheme for administering retail rate relief.

4. DISCRETIONARY RATE RELIEF

- 4.1 Local authorities have the power to award discretionary rate relief to charitable and non-profit making organisations or institutes providing that they meet certain criteria. Any relief awarded is used to reduce or fully remit the amount that the ratepayer has to pay in non-domestic rates.
- 4.2 Funding arrangements changed from 1 April 2013, following the introduction of the business rate retention scheme and the Council now funds 49% of all reliefs awarded.
- 4.3 A review of the existing policy took place in 2013 at Full Council on 14th October 2013 (Decision 331). One of the key concerns raised by Members was the automatic refusal of relief for organisations whose turnover and RV was above a certain amount. It was argued that such organisations often provide local facilities and amenities available to all, local employment opportunities and contribute to the achievement of the Council's objectives

and therefore should not be refused relief on this basis alone. Members therefore asked that Cabinet reconsider the policy.

- 4.4 Officers have reviewed the policy and removed the specific criteria around RV and turnover and have focused the evaluation of an organisation's finances on the level of reserves held and the intended use of such reserves and whether the level held suggests that the full charge is affordable. The policy also allows for greater emphasis on the value and benefit of the organisations offer to the community.
- 4.5 The following table details two example applications and the factors considered.

Organisation X	Organisation Y
<p>Organisation X provides facilities such as training, administration support and advice to 3rd sector organisations, support groups and clubs in the community.</p> <p>4 full time staff are employed, approx. 1,800 residents use the organisations services per year.</p> <p>Membership is free to all and involvement is actively encouraged to combat social isolation.</p> <p>On turnover of £140k and cost of £138k, reserves held of £7k are not excessive and the organisation relies heavily on donations from local groups and local fundraising events to remain viable.</p>	<p>Organization Y provides exclusive access to training, organised activities, fixtures and club event days.</p> <p>2 full time staff are employed, approx. 60 members use the facilities per year.</p> <p>Membership is by invitation only with a joining fee of £400, and annual subscriptions thereafter, specific criteria apply to membership.</p> <p>Reserves are held in excess of £100k which is 70% of turnover and 65% of annual expenditure. Reserves are not earmarked for any specific purpose. Members only fundraising events are held which exclude members of the community.</p>
Approved	Refused

- 4.6 In the original report (192/2013), officers noted key factors and considerations that needed to be addressed as part of the review. In light of the revisions made to the policy, this analysis has been updated but as shown in the table below demonstrates that the revised policy addresses the problems experienced.

Key factors and considerations

Item	Problem	Solution
1	Lack of clarity around criteria leading to unexpected applications	A robust policy with defined guidance and request for supporting evidence via application process.
2	Some organisations are not able to demonstrate local	Guidance is proposed to ensure that evidence is provided on local spend, offer and activity.

	benefits to the community and the Council's aims and objectives	
3	Organisations that have access to other funding or profits that do not warrant additional support are able to apply	An assessment of the financial standing of the organisation will be undertaken with regard to turnover, expenditure and the level of reserves.
4	Organisations occupying premises that are far too large for their needs	Guidance is proposed to ensure the ratepayer is occupying suitably sized premises.
5	Lengthy appeal process	Revised appeal process detailed in the policy to clarify rights of appeal and details the process and timescales.
6	Overall weak criteria	Detailed guidance for each type of application are now included.
7	Impact of schools becoming academies	Academies are able to claim mandatory relief but majority would be excluded from discretionary relief under the new policy.
8	Discretionary awards may impact on the viability of other businesses competing for similar business	Guidance is proposed to deter applications from organisations who have access to other income
9	Review period is too long to capture changes in circumstances	Awards will be shorter for organisations with higher risks i.e. those intending to occupy new premises. Notice of termination date will be notified at time of award to enable a degree of certainty
10	Incorporate Localism	A new form of relief has been introduced for those businesses that the Council believes will be of importance and value to the local community

4.7 At this stage, officers believe that very few organisations currently in receipt of support will be affected. However, up-to-date information on each organisation is not held so it is difficult to give a definitive view.

5 RETAIL RATE RELIEF

- 5.1 Following the introduction of the Localism Act 2011, councils have greater freedom to award relief in order to achieve local aims and objectives.
- 5.2 In the Autumn Statement 2013, the Government announced that it would provide rate relief of up to £1,000 to occupied retail properties with a Rateable Value of less than £50,000 for financial years 2014/15 and 2015/16. The Government is not changing existing legislation and requires local authorities to adopt a local scheme under the Localism act 2011. The Government intends to fully fund the scheme and the Department for Communities and Local Government has issued guidance which is incorporated into the proposed retail relief policy.

5.3 The Council has to decide:

- Whether it wants to provide a scheme (which is being fully paid by Government);
- How it would determine whether certain retail outlets with a multi-purpose (of which one is defined by Government as ineligible) should be treated; and
- How it would deal with appeals.

5.4 On the assumption that the Council wants to provide a scheme, it is suggested that appeals are heard by the Assistant Director (Finance). Where a property is in multiple use including non-qualifying services, officers will determine the predominant use of the property having regard to:

- the floor space used for the qualifying and non-qualifying parts;
- the overall objective of the business; and
- the Government's objectives and advice.

5.5 Members should be aware that organisations do not need to apply but officers will make awards based on information held.

6. POLICIES OVERVIEW

6.1 The policy review has considered the strategic aims and objectives of the council and guidance from central government. The review has also considered Members views expressed at Cabinet, Resources Scrutiny and Council at meetings during 2013.

6.2 The policies are designed to make the decision making process effective and efficient and aims to reduce the number of queries and appeals which can be costly and time consuming.

6.3 The policies will provide reassurance that discretionary relief is granted to appropriate cases where it can be shown that the community would benefit or gain from the services or facilities offered by the organisation and would exclude some cases on the size of premises and access to other sources of funding.

7. IMPLEMENTATION

7.1 The discretionary rate relief policy will be implemented upon approval. Ratepayers were notified last year and given one year's financial notice that the policy may be changing, some applications have been received already for 2014/15 and more are expected when organisations final accounts become available.

7.2 The retail rate relief policy will also be implemented on approval. Officers will make awarded based on information held or write to the ratepayer where there is some doubt regarding eligibility.

7.3 The retail rate relief will be awarded for a period of 2 financial years in accordance with central government's Autumn Statement 2013.

8. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Medium	Discretionary rate relief has been in place since 1997 the updated policy will be implemented as detailed. The Autumn Statement 2013 introduced retail rate relief, as soon as the policy is approved relief will be awarded to eligible ratepayers as soon as possible
Viability	Low	Processes and software are in place to administer the policies
Finance	Low	The retail rate relief scheme will be fully funded by central government. The discretionary policy provides some assurance against unanticipated applications
Profile	Low	Discretionary rate relief is only available for a small number of ratepayers, little publicity is expected
Equality and Diversity	Low	An Equality and Diversity Questionnaire has been completed, no issues have arisen and a full EIA is not required

Background Papers

Background File Ref: 192/2013

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