



Cabinet 1 February 2012

Discretionary Rate Relief: Charitable and Non Profit Making Organisations (Feb12/13)

1. Summary and Reasons for Recommendations

- 1.1 The Discretionary Rate Relief Guidelines were approved by Cabinet on 17 September 2008 (minute 58 refers). It was agreed by Cabinet that a periodic review of the guidelines be undertaken, and any subsequent changes be proposed as appropriate.

2. Recommendations

- 2.1 In order that Discretionary Rate Relief Awards can continue to be made in an efficient, fair and transparent manner, Cabinet is recommended to approve that:-
- (a) the list of organisations **not** eligible for discretionary rate relief is expanded to include organisations set out in bold in paragraph 2.4.1 of Report C320;
 - (b) any applicant with reserves or annual surpluses above the following levels are **not** eligible for discretionary rate relief:-
 - (i) **Reserves:** £100,000 in reserves, including a minimum of £30,000 in liquid assets; or
 - (ii) **Average annual surplus:** £25,000
 - (c) a Discretionary Rate Relief Award cap be set at £5,000 per organisation per annum.

3. Corporate Objectives

- 3.1 The recommendations meet the following, as contained within the Corporate Plan:-
- (a) Corporate Priority: *'Raising Corporate Standards and Efficiency'*.

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4. Key Issues

4.1 Following a peer review with other local authorities within the Anglia Revenues Partnership (ARP), there are a small number of minor changes proposed to the Discretionary Relief guidelines. It is also suggested that the next formal review of the guidelines be undertaken in 2013, or sooner if there are significant legislative changes.

4.2 Background

- (a) Business Rates Legislation stipulates that some organisations qualify for 'Mandatory Rate Relief'. Examples are charities, organisations that meet the conditions of Charitable Purpose (under the 2006 Charities Act) and registered community amateur sports clubs (CASCs). A further category of mandatory relief, known as 'Mandatory Rural Rate Relief' is available to sole Post Offices, general stores, etc, in certain rural populations. Different rates of relief apply.
- (b) The Borough Council has the ability to grant Discretionary Rate Relief, either to 'top up' the mandatory rate relief, or to give discretionary relief alone.
- (c) Since discretionary rate relief is partly funded by the Borough's council tax payers (and partly funded by the Government), it is important to ensure that grants are fairly distributed, and that they primarily benefit the Borough's residents.
- (d) To give some indication of the scope of this policy, the total forecast Discretionary Rate Relief budget for 2011/2012 is £115,000.

4.3 Current Policy

- (a) The authority to grant Discretionary Rate Relief is delegated to the Chief Finance Officer on the basis of the following categories and percentages:

	Category of award	Amount of discretionary award
(i)	Charities, Organisations meeting the conditions of Charitable Purpose, and Trustees for a Charity (excluding offices and shops); this is known as 'top-up' relief.	20%
(ii)	Institutions not established or conducted for profit and whose main aims are charitable and philanthropic, religious or concerned with social welfare, education, science, literature or the fine arts.	50%
(iii)	Boy Scouts, Girl Guides, Boys Brigade and Youth Clubs.	100%
(iv)	Recreational Organisations – Village Halls, Community Centre, Recreation Grounds.	100%
(v)	Sport and Social Clubs without a bar.	75%
(vi)	Sports and Social Clubs with a bar.	50%

- (b) This paper relates to the granting of the 20% Top Up Discretionary Rate Relief to Charities and Charitable Organisations, as detailed in (i) above.

4.4 Current Exclusions to Reliefs

- (a) Currently the following organisations are excluded from receiving relief:-
- (i) charity shops;
 - (ii) hostel accommodation;
 - (iii) health services;
 - (iv) faith/religious/ethnically based organisations where the promotion of the religion/faith/belief is the main purpose; and
 - (v) Political party associations, trade organisations and employment organisations.

4.5 Proposed Exclusions to Reliefs

- (a) Following a peer review with the other partner authorities within ARP, there are some types of organisation which currently receive relief, but which do not solely benefit the residents of St Edmundsbury Borough Council, such as National Charities, Regional Charities, and organisations with significant assets or operating surpluses (ie., the organisation clearly demonstrates the ability to pay the business rates due). The **proposed categories for exclusion are set out below**, with the changes highlighted in bold type:-

- (i) charity shops;
- (ii) **national charities;**
- (iii) **Regional Charities (eg Suffolk Wide, cross county etc);**
- (iv) **Organisations with significant assets;**
- (v) **Organisations with significant operating surpluses;**
- (vi) **Housing Associations;**
- (vii) hostel accommodation;
- (viii) health services;
- (ix) faith/religious/ethnically based organisations where the promotion of the religion/faith/belief is the main purpose; and
- (x) political party associations, trade organisations and employment organisations.

4.6 Proposed Thresholds

- (a) The proposed thresholds for 'significant assets or operating surpluses' are set out below:-
- (i) **Significant Assets** : £100,000 in reserves, including a minimum of £30,000 in liquid assets;
 - (ii) **Operating Surpluses** : Any surplus in excess of £25,000 a year, averaged over the last three years.
- (b) It is proposed that any applicant with assets or surpluses in excess of these thresholds will not qualify for discretionary rate relief.

4.7 Cap

- (a) One further change which is recommended is that a cap of £5,000 per organisation should be set on all Discretionary Rate Relief Awards (whether top up relief or purely discretionary).

Wards affected	All	Portfolio Holder	Performance and Resources
Background Papers		Subject Area	Finance