

Shadow Executive (Cabinet)

Title of Report:	West Suffolk Discretionary Rate Relief Guidelines	
Report No:	EXC/SA/18/005	
Report to and date:	Shadow Executive (Cabinet)	10 July 2018
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Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To agree a West Suffolk Discretionary Rate Relief Scheme from 1 April 2019.	
Recommendation:	It is RECOMMENDED that the Shadow Executive (Cabinet) approves the West Suffolk Discretionary Rate Relief Scheme as set out at Appendix A to Report No: EXC/SA/18/005.	
Key Decision: (Check the appropriate box and delete all those that do not apply.)	Is this a Key Decision and, if so, under which definition? Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.		
Consultation:	As set out in the main body of the report.	
Alternative option(s):	A scheme that is less favourable could be considered. However it was discounted as it was felt that the proposed scheme achieved better outcomes for these community and charitable groups supporting our families and communities agenda.	

Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As set out in the body of the email.	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> None as a result of this report	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> None as a result of this report	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> These are revised guidelines and their adoption will ensure a single approach across the West Suffolk Council 	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> A Screening Equality Impact Assessment for the proposed scheme has been carried out and no equality concerns were highlighted. 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Risk of new guidelines not being implemented by staff	Low	Training and guidance given to staff	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included):</i>		None	
Documents attached:		Appendix A – West Suffolk Discretionary Rate Relief Guidance	

1. Key issues and reasons for recommendation(s)

Background

- 1.1 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.
- 1.2 Local authorities have the ability to grant Discretionary Rate Relief, either to 'top up' the mandatory rate relief, or to give discretionary relief alone.
- 1.3 Since discretionary rate relief is partly funded by West Suffolk council tax payers (and partly funded by the Government) under the current Business Rates Retention Scheme, it is important to ensure that grants are fairly distributed, and that they primarily benefit West Suffolk's residents.
- 1.4 The guidelines for determining relief are not intended to be a rigid set of rules; neither are all the guidelines applicable to every organisation. Each case must be judged on its own merits taking into account the contribution which each organisation / business makes to the West Suffolk's strategic priorities.
- 1.5 The proposed draft guidance attached at Appendix A would become the West Suffolk Councils Discretionary Rate Relief Guidance from 1st April 2019. It brings together the previous Forest Heath and St Edmundsbury schemes, with some changes to align areas where there are currently differences.
- 1.6 Discretionary rate relief that is not linked as a top up to Charities and Charitable Organisations i.e. where we may wish to incentivise a new employment area by offering relief to an anchor tenant, will continue to be considered on a case by case basis.

2.0 The current position and proposed approach

- 2.1 The following table sets out the current differences between the schemes and the approach proposed for West Suffolk Council.

	Forest Heath	St Edmundsbury	West Suffolk
Maximum top up relief (in addition to Government's 80%)	15%	20%	20%
Restrictions relating to organisation's financial position (reserves)	No relief awarded if significant reserves	No relief awarded if reserves in excess of £100,000 including £30,000 liquid assets	No relief awarded if non-earmarked reserves in excess of £100,000

Restrictions relating to organisation's financial position (annual surplus)	No relief awarded if significant operating surplus	No relief awarded if annual surplus in excess of £25,000	No relief awarded if annual surplus in excess of £25,000
Reliefs granted to organisations who don't receive mandatory charitable relief	None	Reliefs awarded in line with the table below	Reliefs awarded in line with the table below
Maximum award	None (however maximum current award is below £5,000)	£5,000	£5,000

2.2 ***Proposed approach to reliefs for organisations who do not receive mandatory charitable relief from Government:***

Category of award	Amount of discretionary award
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 fine arts	50%
Scout or Guiding organisations, Boys and Girls Brigades and Youth Clubs	100%
Recreational organisations – village halls, community centres, recreation grounds	100%
Sports and social clubs without a bar	75%
Sports and social clubs with a bar	50%

Other improvements

2.3 Some additional changes are proposed to the way in which discretionary rate relief is administered in order to save resources, as follows:

- **Giving automatic relief to certain types of organisation, subject to random checks.** 99% of certain types of organisation receive the full top up under the current schemes for St Edmundsbury, for example, scouts clubs and village halls, but at the moment a lot of officer time is spent assessing these. The new West Suffolk scheme will state the award that scout / guide huts, village halls and community centres / halls will be provided for the full amount subject to certification from the applicant that they meet the financial criteria. A random review would then be carried out to ensure compliance.
- **Hardship relief.** The new West Suffolk discretionary rate relief scheme will include a simple explanation of the national statutory requirements around the awarding of hardship relief.
- **Hierarchy of reliefs.** The new West Suffolk discretionary rate relief scheme will also ensure applicants can be granted the appropriate

amount of relief, even if this is not allowed for due to the order in which reliefs must be applied when being administered. For example, a social enterprise may be entitled to 100% rate relief through Small Business Rate Relief, but if they are also entitled to mandatory charitable rate relief, this has to be applied first. If the organisation is not then eligible for 20% discretionary rate relief, it could lose out compared to their overall entitlement. The new West Suffolk scheme seeks to ensure that the right overall outcome is achieved through the application of the discretionary rate relief scheme.

What the changes mean for organisations in West Suffolk

- 2.4 Based on data held by Anglia Revenues Partnership, it is believed that all current recipients of discretionary rate relief will either see no change or will benefit from the proposed changes, and some new organisations may be eligible for relief in future.

3. Engagement

- 3.1 In order to test the draft proposals, and ensure they didn't have any unintended consequences, or disproportionate impacts on particular groups, a link to the web pages that explained the changes was sent to all West Suffolk parish councils and organisations in receipt of the relief (who were contactable by email), along with an email address for responses. The information was also circulated to all Members.
- 3.2 Three responses were received, two from councillors and one on behalf of a community centre. All three raised the issue of earmarked reserves – i.e. requesting that reserves that were ring-fenced for a particular purpose be excluded from the analysis of an organisation's reserve position.
- 3.3 Responses have been sent to all three stakeholders confirming that earmarked reserves will be excluded and the draft of the guidance updated to make this point clearer.
- 3.4 A verbal update will be provided at the meeting where further responses have been received through the engagement process.