



## **FULL COUNCIL REPORT**

Date Written	27th October 2015
Report Author	Mike Parry
Service Area	Revenues
Exempt/Non Exempt	Non Exempt
Committee Date	2 <sup>nd</sup> December 2015

*To: Mayor, Ladies and Gentlemen*

### **Charitable Rate Relief Policy**

#### **1.0 SUMMARY OF THE REPORT**

- 1.1 The Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme to award business rates relief of up to 100% to certain organisations specified within the legislation. Under the current policy, attached at Appendix 1, the Authority has the discretion to grant rate relief to charities and other not for profit organisations who satisfy the criteria set down in the policy.
- 1.2 A recent Audit report identified that the policy did not define clear lines of responsibility for authorising such applications. This report addresses this by seeking Councillors' approval for a revised Charitable Rate Relief Policy which clearly specifies the responsibility for approving new applications and renewals under the scheme. No other amendments to the existing policy have been made.

#### **2.0 RECOMMENDATION(S) that**

- 2.1 The revised Charitable Rate Relief Policy be approved.

#### **3.0 INTRODUCTION AND BACKGROUND**

- 3.1 Section 47 of the Local Government Finance Act 1988 gives Local Authorities the option to apply discretionary Business Rates Relief to charities and other not for profit organisations.

3.2 A recent Business Rates Audit identified that the Policy, (see Appendix1), did not include clear lines of responsibility for the authorisation of relief applications.

3.3 To address this, an Authorisation of Applications sub heading has been added to the policy, which states;

- The Chief Finance Officer will authorise all initial requests for relief under this scheme.
- Renewal applications will be authorised by the Revenues Manager.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are no financial implications to the Authority as a result of amending this policy.

#### **5.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY**

5.1 The Single Integrated Plan & Sustainability Impact Assessment has been completed and no positive or negative impacts have been identified.

#### **6.0 EQUALITY IMPACT ASSESSMENT**

6.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

**ELLIS COOPER  
CORPORATE DIRECTOR  
(PLACE & TRANSFORMATION)**

**CLLR PHIL WILLIAMS  
GOVERNANCE & CORPORATE  
SERVICES**

<b>BACKGROUND PAPERS</b>		
<b>Title of Document(s)</b>	<b>Document(s) Date</b>	<b>Document Location</b>
Equality Impact Assessment Screening Document	27 <sup>th</sup> October 2015	Electronic Library
Single Integrated Plan & Sustainability Impact Assessment	27 <sup>th</sup> October 2015	Electronic Library
<b>Does the report contain any issue that may impact the Council's Constitution?</b>		<b>No</b>

***Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.***

## **RATE RELIEF FOR CHARITIES**

### **CRITERIA**

#### **MANDATORY RELIEF (Section 43)**

Charities & some non-profit making organisations are entitled to 80% Mandatory relief, when registered as a charity on any occupied non-domestic property, which is wholly or mainly used for charitable purposes. Registered charities will automatically qualify for relief; however, due to Audit requirements it is still necessary to complete an application form, to be able to verify the registration number.

#### **DISCRETIONARY RELIEF (Section 47)**

Discretionary relief of up to 100% may be granted to certain non-profit making organisations: -

1. Organisations not established or conducted for profit whose main objects are charitable or are otherwise philanthropic, religious or concerned with education, social welfare, science, literature and the fine arts. The hereditament concerned must be wholly or mainly used for the purpose of the organisation.
2. Recreational clubs, societies or other organisations not established or conducted for profit. The hereditament concerned must be wholly or mainly used for recreational purposes, and provides benefit to the public.

#### **“TOP UP” DISCRETIONARY RELIEF**

Where Mandatory Relief (80%) has been granted, the authority has the discretion to grant up to a further 20% relief, providing the organisation meets the following conditions: -

1. Not established or conducted for profit
2. Whose aims are charitable, philanthropic or religious, or are concerned with the social welfare, education, science, literature or the fine arts
3. Used wholly or mainly for recreation by a not-for-profit club or society.

## **Duration of Awards**

- From 1 April 2009 any organisation wishing to be considered for Discretionary and 'Top Up' Discretionary will need to make a new application, which will be considered in line with this policy.
- Awards will not exceed 2 years.
- All ratepayers wishing to be considered for continuation of discretionary rate relief will need to renew their application every two years.
- Awards made after 30 September in any year will only be considered in relation to that financial year. Awards determined before 30 September may be backdated to the start of the previous financial year.

## **Authorisation of Applications**

- The Chief Finance Officer will authorise all initial requests for relief under this scheme.
- Renewal applications will be authorised by the Revenues Manager.

## **Termination/Reduction of Awards**

From 1 April 2009 all awards will be granted with a termination date as above. This will ensure that the requirements of the termination/reduction of awards as specified by The Non-Domestic (Discretionary Relief) regulations 1989 (SI 1989 No.1059) are automatically met.

## **No Right of Appeal**

This is a discretionary power and there is no formal appeal process against the Council's decision. If the application is successful and relief is granted, it will be applied to the account accordingly and an amended bill showing the amount awarded will be sent to the charge payer concerned. If this results in an overpayment of business rates a refund will be sent.

## **Cost**

The cost of mandatory relief is met by the non-domestic rate pool.

The cost of discretionary relief is shared between the pool and the local authority, as follows. Members should note that, for discretionary only relief, the cost to the authority as fallen from 25% to 10% with effect from 1st April 2002.

## “Top Up” Discretionary Relief

25% is met by the pool;

75% is met by the local authority

## Discretionary Relief

90% is met by the pool;

10% is met by the local authority.

### ***Criteria for Determining the Amount of Charitable Relief***

The organisations must meet the criteria specified in the table outlined below.

The total amount of relief given per account, including any mandatory relief, cannot exceed 100%.

<b>Principal</b>	<b>Type of Charitable/Non-Profit Making Organisation</b>	<b>Discretionary Relief</b>
<b>1.</b>	All empty properties irrespective of the rateable value	NIL
<b>2.</b>	An organisation that does not primarily benefit residents of the Merthyr Tydfil.	NIL
<b>3.</b>	Organisations who are solely dependent on voluntary contributions from members to meet running costs, and provide a service to the community that otherwise would be run by the Council e.g. OAP Halls, Youth clubs, residents associations and are not a registered charity.	100%
<b>4.</b>	Provides a service for those in need by reason of youth, age, ill health, disability, financial hardship and the disadvantaged, and are not a registered charity.	100%
<b>5.</b>	A sporting organisation, which is not registered with the HM Revenues & Customs as a Community Amateur Sports Club, is not a registered charity, and does not have bar facilities.	80%
<b>6.</b>	A sporting organisation, which is not registered with the HM Revenues & Customs as a Community Amateur Sports Club, is not a registered charity, and <u>does</u> have bar facilities.	20%
<b>7.</b>	Aided schools	NIL
<b>8.</b>	Organisations where the annual fees are set at a relatively high level and are viewed as being a more exclusive type of organisation e.g. Golf Clubs,	NIL
<b>9.</b>	Provides counselling, courses, workshops and training to help gain successful employment, and are not a registered charity.	80%

<b>Principal</b>	<b>Type of Charitable/Non-Profit Making Organisation</b>	<b>Top Up Discretionary Relief</b>
1.	Voluntary organisations with the primary objective of saving human life at or directly from the relevant premises e.g. St. Johns Ambulance	20%
2.	Organisations that are a registered charity, and provide health care/counselling in the community.	20%
3.	Charity shops that are registered as a charity.	NIL
4.	Housing Associations	NIL
5.	Provides support of human rights, conflict resolution or reconciliation e.g. Citizen Advice centre, Refuges.	20%
6.	Gives advice and support in the advancement of animal welfare.	20%
7.	Provides a service for those in need by reason of youth, age, ill health, disability, financial hardship and the disadvantaged, and are a registered charity.	20%
8.	Provides a service for those in need by reason of youth, age, ill health, disability, financial hardship and the disadvantaged, and are not a registered charity.	100%
9.	Provides a service in protecting the environment through redistribution of materials, which help to prevent poverty - in respect of the homeless or disadvantaged and needy of the Merthyr Borough E.g. recycling of furniture, clothing providing etc.	20%
10.	Organisations, which aid the advancement of the arts, culture, heritage or science throughout the community.	20%
11.	Provides equipment, activities and advice to promote good health and well being for all ages and does not discriminate through restriction by membership.	20%
12.	Provides counselling, courses, workshops and training to help gain successful employment, and are a registered charity.	<b>NIL</b>