



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 4 APRIL 2012

**REPORT OF THE: CORPORATE DIRECTOR (s151)
PAUL CRESSWELL**

**TITLE OF REPORT: POLICY ON DISCRETIONARY BUSINESS RATE RELIEF
FOR CHARITIES, RURAL HEREDITAMENTS & NON-
PROFIT MAKING ORGANISATIONS**

WARDS AFFECTED: ALL WARDS

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To submit for members' consideration a policy for the determination of the allocation of Discretionary Business Rate Relief to organisations in the district that includes charities, non-profit making organisations, rural shops and post offices.

2.0 RECOMMENDATIONS

2.1 That Council is recommended to approve:

- (i) the Discretionary Business Rates Policy at Annex B; and
- (ii) that officers be delegated to approve Discretionary Business Rates Relief in line with that Policy.

3.0 REASON FOR RECOMMENDATIONS

3.1 The business rates relief policy has not been reviewed for a considerable number of years and existing awards have no end dates. Clearly the status of some applicants will have changed since the original award. The proposed criteria and new application form used to assess entitlement will provide a more robust method of evaluating Mandatory and Discretionary Rate Relief claims than currently exists.

3.2 The policy attached does not propose any changes to the criteria currently being applied by officers.

4.0 SIGNIFICANT RISKS

4.1 If the current policy and application process is not reviewed there is an increased risk that the policy will not reflect the range of applications received.

- 4.2 If the application form is not expanded to ask more detailed information in the case of both mandatory and discretionary rate relief then there is the risk that relief may be granted in cases where eligibility does not exist.
- 4.3 A review will mitigate the risk that recipients of discretionary relief who are entitled to mandatory relief are not identified.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The business rates relief policy has not been reviewed for a considerable number of years and requires consideration by members prior to the scheduled renewal of applications. Current recipients of business rate relief will be informed that their current relief arrangement will end on 31 March 2013. They will have to reapply for relief and their applications will be assessed under the terms of the agreed policy.
- 5.2 Other neighbouring local authorities have been consulted to benchmark their schemes of assessing applications. All other authorities consulted have schemes which have an award period and then periodic review of claims.

REPORT

6.0 REPORT DETAILS

- 6.1 Under Section 47 of the Local Government Finance Act 1988 local authorities have the discretion to grant relief to certain ratepayers for all or part of the amount of non-domestic (business) rates payable. The Authority awards relief in accordance with its own policy, which is now due for review.
- 6.2 The purpose of this review is to endorse the policy and provide a more robust assessment for the award of Discretionary Rate Relief that recognises the contributions made by organisations to the residents of Ryedale area on an individual basis.
- 6.3 The total value of Business Rate Relief awarded by Ryedale District Council for the past three financial years is as follows:

Financial Year	Mandatory Relief £	Discretionary Relief £
2009/10	671,071	169,771
2010/11	678,640	164,255
2011/12	776,535	169,525

- 6.4 Registered charities and bodies exempt from registration that use premises solely for charitable purposes are entitled to mandatory relief equal to 80% of their non-domestic rates bill. CASC's (Community Amateur Sports Clubs) registered under the scheme, introduced by the Government in 2002, are entitled to mandatory rate relief equal to 80% of their full non-domestic rates bill.
- 6.5 The total discretionary relief granted is funded partly from the National Non Domestic Rating Pool and partly by the general fund of Ryedale District Council (i.e. directly by the Council Tax chargepayers). There are two types of award:
- Where the organisation is a registered charity and so receives 80% mandatory relief the cost to chargepayers of awarding the additional 20%

- relief is 75% of the amount granted; and
- Where the organisation is not a registered charity and does not therefore receive mandatory relief the cost to the Council of granting discretionary relief is 25% of the amount granted.

6.6 The cost to Ryedale District Council of awarding the discretionary rate relief over the last three years is shown in the following table:

Financial Year	Cost to Ryedale DC £
2009/10	84,951
2010/11	82,144
2011/12	86,367

6.7 The level of discretionary rate relief granted for 2011/12 analysed by type of organisation and premises with the related cost to the Authority is shown in the following table:

Organisation / Premise Type	Relief Granted for 2011/12 £	Cost to Ryedale DC 2011/12 £
Offices, shops, café, stores, warehouses and workshops	39,471	21,614
Village halls	15,303	10,041
Residential Homes, Hostels Etc	702	527
Self catering premise – social welfare	357	268
Museums	2,403	1,802
Private schools	13,509	3,377
Pre school playgroups	481	361
Other educational and training facilities	3,776	2,832
Sports grounds, playing fields and other leisure facilities	80,712	39,253
Post Offices	9,827	5,546
Public Houses	2,984	746
Totals	169,525	86,367

In 2011/2012 there were 202 bodies in receipt of discretionary relief.

- 6.8 The existing discretionary rate relief awards have no end date. The legislation stipulates that the Authority must give one year's notice of ceasing or amending the level of relief granted. All organisations currently receiving relief will have to reapply for mandatory and discretionary rate relief. Once applicants have submitted all required information with their claim form they will be informed of the decision, which will apply from the 1 April 2013, within 2 months.
- 6.9 The proposed primary criteria for the policy is shown on Annex B. There are no significant changes to the existing policy. However, a new more extensive application form is being introduced with more detailed questions to make it easier to gauge the contribution the organisation makes to the community and assess the appropriate level of relief to be granted.
- 6.10 The new proposed way of assessing claims focuses more on what and to whom the organisation provides a service rather than the broader terms previously used. It also takes into account if significant financial reserves are held by the organisation and recognises if the service is provided by several similar providers in the area.

- 6.11 Clearly the review may provide a situation where there are some winners and losers. The losers will probably be organisations whose status has changed since the original award, such as those who are no longer charities, but were at the time of application. The implementation of the renewal process will ensure that the relief is granted in a fair and more accurate manner and may identify claimants who through changes in circumstances are no longer entitled to receive relief.
- 6.12 The Council also has an approved policy for the award of Hardship Relief. Claims for hardship relief are determined by members.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
It is not anticipated that there will be any significant change in the level of relief granted as a result of this review.
 - b) Legal
The Local Government Finance Act 1988 prescribes that organisations must be given at least one year's notice of any change in the level of relief they are to be granted. All current claimants will be notified that their current entitlement will however expire on 31 March 2013 so that any new policy can be applied from 1 April 2013.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no significant other implications in considering this report.

Paul Cresswell
Corporate Director (s151)

Author: Paul Cresswell, Corporate Director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:
None

Background Papers are available for inspection at:
None