



AGENDA

For a meeting of the

RESOURCES DEVELOPMENT AND SCRUTINY PANEL

to be held on

THURSDAY, 23 NOVEMBER 2006

at

9.30 AM

in

**COMMITTEE ROOM 1, COUNCIL OFFICES, ST PETER'S HILL,
GRANTHAM**

Duncan Kerr, Chief Executive

Panel Members:	Councillor David Brailsford, Councillor Robert Conboy, Councillor Dorrien Dexter, Councillor Kenneth Joynson, Councillor Albert Victor Kerr, Councillor John Kirkman (Chairman), Councillor Reg Lovelock M.B.E. (Vice-Chairman), Councillor Andrew Roy Moore and Councillor Gerald Taylor
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Scrutiny Officer:	Paul Morrison 01476 406512 p.Morrison@southkesteven.gov.uk
Scrutiny Support Officer:	

Members of the Panel are invited to attend the above meeting to consider the items of business listed below.

1. DISCRETIONARY RATE RELIEF - POSITION STATEMENT

Report by the Revenues and Benefits Manager.

(Enclosures)

WORKING STYLE OF SCRUTINY

The Role Of Scrutiny

- To provide a “critical friend” challenge to the Executive as well as external authorities and agencies
- To reflect the voice and concerns of the public and its communities
- Scrutiny Members should take the lead and own the Scrutiny Process on behalf of the public
- Scrutiny should make an impact on the delivery of public services

Remember...

- Scrutiny should be member led
- Any conclusions must be backed up by evidence
- Meetings should adopt an inquisitorial rather than adversarial style of traditional local government committees

Agenda Item 16

REPORT TO Resources DSP

REPORT OF: Adrian Johnson

REPORT NO.: NUMBER REQUIRED

DATE: 14th November 2006

TITLE:	Position Statement: Revised Discretionary Rate Relief Scheme
FORWARD PLAN ITEM:	Not applicable
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	Not applicable
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Neither

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Terl Bryant	
CORPORATE PRIORITY:	None	
CRIME AND DISORDER IMPLICATIONS:	Not applicable	
FREEDOM OF INFORMATION ACT IMPLICATIONS:		
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:	Included within the email that contained this report	

1. INTRODUCTION

This report reviews the discretionary rate relief scheme that was implemented with effect from 1st April 2006.

2. RECOMMENDATIONS

None applicable given the nature of the report.

3. DETAILS OF REPORT

The council determined to disinvest in non-priority areas and, in doing so, identified discretionary rate relief as a non-priority. Expenditure of approximately £95k was to be reduced and a new scheme became necessary in order to meet the revised budget of £10k.

To date the council has awarded discretionary rate relief of £19,500 at a cost to the council of £9,725 for the 2006/7 financial year. This has, as at the date of this report, achieved the objective of reducing council expenditure to £10k. These awards are summarised as follows.

	Number	£	£
Sporting clubs	21	5,830	1,474
Village halls & community centres	55	12,150	7,648
Others	5	1,520	603

Following implementation of the scheme the council received sixteen appeals from organisations that had previously been denied discretionary relief following initial assessment by officers. A panel comprising Councillors Bryant & Kirkman together with Sally Marshall, the Corporate Head of Finance & Resources, considered the appeals. Of these one was awarded discretionary relief as it was considered to be contributing to the council's category A priorities. The remaining 15 were rejected as they were considered either not to support council priorities, failed to have fully explored other avenues of support or have the means to pay the rate liability themselves.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

Not applicable given context and content of the report.

5. COMMENTS OF SECTION 151 OFFICER

6. COMMENTS OF MONITORING OFFICER

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None applicable given the context and content of this report, although it was written with the support of the Interim Benefits & Revenues Manager.

8. CONCLUSION/SUMMARY

The current budget provision for Discretionary Rate Relief is £15,000. This is sufficient to meet existing applications, leaving a small provision for new applicants and discretionary hardship relief.

9. CONTACT OFFICER

Adrian Johnson, Revenue Services

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**Supporting information for the report entitled
“Review of the Discretionary Rate Relief Scheme”**

1. Original report to cabinet dated November 2005 (attached).

2. The new scheme was approved by Cabinet minute CO111.

3. The award guidelines: -

	Mandatory Relief	Discretionary Relief
<i>Charity Shops</i>		
Registered charities	80%	0%
Non-registered charities	0%	0%
<i>Sporting Clubs</i>		
Registered CASC*	80%	0%
Non-registered sporting club	0%	75%
<i>Community Centres & Village Halls</i>		
Registered charity	80%	15%
Non-registered charity	0%	0%
<i>Youth Clubs</i>		
Registered charity	80%	0%
Non-registered charity	0%	0%
<i>Other applicants</i>		
Registered charity	80%	0%
Non-registered charity	0%	0%

* A sporting organisation recognised and registered by HM Revenue & Customs as a Community Amateur Sports Club (CASC).

4. The cost of relief: -

<i>Type of relief</i>	<i>Cost to SK</i>	<i>Cost to Government</i>
Mandatory relief of 80%	0%	100%
‘Top-up’ discretionary relief	75%	25%
Discretionary relief only	25%	75%

5. Other considerations

5.1 The council is not in a position to deny an application for discretionary rate relief that meets the established criteria. Furthermore, regulations provide that organisations may apply for discretionary relief in the first six months of 2007/8 for a period of liability in 2006/7. The council should therefore consider the possibility and consequences of any budget over spend.

5.2 The government has introduced a scheme of mandatory relief called ‘Small Business Rate Relief’ (SBRR) with the aim of reducing the tax burden on small businesses. SBRR applies equally to non-profit making organisations but not charities, as SBRR cannot be awarded in addition to 80% mandatory relief.

Broadly speaking SBRR is available to occupiers of one non-domestic property that has a rateable value of £10,000 or below. Relief is set by legislation at 50% for those with a rateable value of £5,000 or below and reduces by approximately 1% for every £100 of rateable value above £5,000. Any applicant for discretionary rate relief is now required to apply for SBRR where it is considered they might qualify. Discretionary relief is then considered in respect of the account balance.

5.3 Rate liability will increase year on year. The council should be mindful of this and consider budget implications. If future budget provision is not made then the council will effectively be disinvesting in order to keep within the existing £10k budget.

REPORT TO CABINET

REPORT OF: Revenues Manager

REPORT NO. FIN/

DATE: November 2005

TITLE:	Review of Discretionary Rate Relief Scheme
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Teri Bryant
CORPORATE PRIORITY:	Area for disinvestment
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A
BACKGROUND PAPERS:	None

1. INTRODUCTION

This report asks Members to consider an alternative Discretionary Rate Relief scheme.

2. RECOMMENDATIONS

That members consider adopting a new scheme with effect from 1 April 2006.

That all awards for Discretionary Rate Relief and Mandatory are delegated to the Revenues Manager.

Appeals are dealt with by the Corporate Director of Finance in conjunction with the Portfolio Holder for Finance.

3. DETAILS OF REPORT

Background

The Council decided to disinvest in its discretionary grants including Discretionary Rate Relief and set a budget of £10k per annum being 1st April 2006 for the award of Business Rate Relief. Given that decision the remainder of the report focuses on developing a scheme that can achieve that objective.

The Council is not in a position to deny applications for Business Rate Relief therefore the Cabinet must review the criteria of awarding Discretionary Rate Relief and any issues as a result keeping within a budget of £10k per annum.

Section 47 of the Local Government Finance Act 1988 empowers local authorities to grant Discretionary Rate Relief to ratepayers under certain circumstances.

Awards of Discretionary Rate Relief can be made to various categories of ratepayers.

These include:

- Charitable organisations
- Organisations which are not established or conducted for profit, whose main objectives are charitable and are either:-
 - (i) Established for philanthropic or religious purposes;
 - (ii) Concerned with education, social welfare, science, literature, or the fine arts.
 - (iii) Occupation of the property as a club or society.

Rate relief takes two forms:

Mandatory Relief – This part of the scheme allows 80% rate relief where the applicant is registered as a charity with the Charity Commission, Industrial and Provident Society, or sports clubs registered as Community Amateur Sports Clubs (CASC) with the Inland Revenue. Local Authorities are obliged to award relief in these cases, there is no discretion to refuse or vary the mandatory award. In these cases the Local Authority does not contribute to the cost of providing the rate relief, it is funded by Central Government through the National Non-Domestic Rating Pool.

Discretionary Relief – There are two elements of this part of the scheme:-
 Top-Up Relief applies where the Council decides to “top-up” the 80% mandatory relief, usually to 100%. In these cases, the Council has to contribute 75% of the “topped-up” amount. In the case of non-profit organisations, the Council is obliged to determine applications where the applicant is not a registered charity, but satisfies some or all of the criteria, i.e. philanthropic, religious use etc. In such cases, the Council funds 25% of the relief awarded with the remaining balance being provided by the National Non-Domestic Rating Pool.

In summary:

Level of Relief	South Kesteven Council Tax funded	Central Government NNDR pool funded
Mandatory relief of 80%	0%	100%
Up to 20% additional discretionary relief to charitable organisations	75%	25%
Up to 100% discretionary relief to other eligible organisations	25%	75%

Based on our current figures the Discretionary Rate Relief of approximately £93k per annum is awarded each year. If we don't have a scheme ratepayers would pay approximately an extra £150k in Business Rates per year and affect nearly 250 organisations including village halls and some schools.

Appendix A shows a proposed scheme and our guidance for calculating Discretionary Rate Relief. There is a clear linkage to the Council priorities.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

None.

5. COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

None - report compiled in conjunction with Director of Finance and Strategic Resources.

6. COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

No comments other than to note that this relates to the Council's discretionary powers made under the Local Government Finance Act 1998. The Cabinet is therefore entitled to consider and devise a policy in this regard.

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None - report complied in conjunction with Service Manager.

8. CONCLUSIONS

None.

9. CONTACT OFFICER

Kevin Legg – Revenues Manager

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