

# REPORT TO RESOURCES DSP

REPORT OF: Revenues Manager

REPORT NO. FIN/252

DATE: 24<sup>TH</sup> November 2005

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

<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Councillor Teri Bryant
<b>CORPORATE PRIORITY:</b>	Area for disinvestment
<b>CRIME AND DISORDER IMPLICATIONS:</b>	N/A
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	N/A
<b>BACKGROUND PAPERS:</b>	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 1<sup>st</sup> 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
<b>Mandatory relief of 80%</b>	0%	100%
Up to 20% <b>additional discretionary</b> relief to charitable organisations	75%	25%
Up to 100% <b>discretionary</b> 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 complied 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**

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