



Date of Meeting: 3 September 2019

Lead Member: Cllr Tony Ferrari – Lead Member for Finance, Commercial and Assets

Lead Officer: Aidan Dunn, Executive Director (Corporate Development S151)

Executive Summary:

Councils have the discretion to award up to 100% rates relief to ratepayers. The former Dorset District and Borough Councils all adopted schemes which looked to provide support to charities and “not for profit” organisations.

The Shadow Executive agreed that a review of existing cases be undertaken, effective from 1 April 2020, and that an aligned discretionary rate relief policy be developed to help ensure that future awards are made consistently.

The discretionary rate relief policy at Appendix 3 has been developed having regard to the previous schemes, government guidance and feedback from key stakeholders. It also looks to target financial support to those organisations which make a maximum contribution towards the local community.

Equalities Impact Assessment:

Not necessary as there is no identified negative, or unclear, impact on any of the protected characteristic groups

Budget:

The cost of Discretionary Rate Relief to charities and not for profit organisations will continue to be met from existing budgets.

Risk Assessment:

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: LOW
Residual Risk LOW

Other Implications:

None

Recommendation:

That Cabinet agrees to adopt the discretionary rate relief policy at Appendix 3

Reason for Recommendation:

To ensure that a consistent approach is taken in relation to the award of discretionary rates relief.

Appendices:

Appendix 1 – Principles of existing discretionary rate relief schemes

Appendix 2 – Breakdown of existing discretionary rate relief awards

Appendix 3 – Discretionary rate relief policy

Background Papers:

Existing Rate Relief guidelines for East Dorset, North Dorset, Purbeck, West Dorset and Weymouth & Portland Councils.

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1. Introduction

- 1.1 Charities and similar organisations are entitled to receive mandatory rate relief of 80% against their rates liability. Section 47 of the Local Government Finance Act 1988 (as amended), provides Councils with the discretion to award rates relief (up to a maximum of 20% in respect of charities and up to 100% in respect of other organisations) where it considers it to be appropriate, having regard to the circumstances of the case. Generally, 49% of the cost of awarding discretionary rate relief is borne by the Council, 1% is borne by the Fire and Rescue Service and the remainder is met by central government.
- 1.2 Councils can determine whether discretionary rate relief is awarded for a fixed period or is “open ended”. In both cases, the expiry of the relief must coincide with the end of a financial year. Where the relief has been awarded “open ended” the Council must give the ratepayer at least one year’s notice of the award coming to an end.
- 1.3 The former Dorset District and Borough Councils all adopted individual guidelines for determining applications for discretionary rate relief, which looked to award relief to charitable and/or “not for profit” organisations where it was in the interests of the local Council Taxpayer to do so. Appendix 1 sets out the principles of these schemes in relation to most charitable or “not for profit” organisations.
- 1.4 At its meeting on 14 January 2019, the Shadow Executive agreed that a review of discretionary rate relief cases was required. However, it noted that as the majority of recipients were entitled to receive a minimum of twelve months’ notice, the review could not take effect until 2020/21. It, therefore, decided that relief should continue for 2019/20, based on the former Councils’ schemes and that a new policy be developed to ensure that future applications are considered consistently.

1.5 Following the meeting on 14 January 2019, all existing discretionary rate relief recipients were given formal notice of the review and advised that they would be given the opportunity to apply for relief from 1 April 2020, nearer to the time.

1.6 Currently, 369 organisations receive discretionary rate relief totalling £443,598. The estimated cost to the Council in making these awards is £217,363 and is met from existing budget provision. A breakdown of the awards can be found at Appendix 2.

2.0 **Proposal**

2.1 In line with the decision made on 14 January 2019, Officers have been looking to develop a discretionary rate relief policy for consideration by Cabinet. As part of that process a consultation exercise has taken place with key stakeholders from the local business community, such as the Local Economic Partnership, Chambers of Trade, Bid Managers, etc. Of the 13 organisations approached, 3 have responded as follows:

- 100% were of the view that all applications for discretionary rate relief should be considered on their individual merits
- 67% were of the view that discretionary rate relief should not be awarded in respect of charity shops. 33% felt that discretionary rate relief should be considered if it was a local charity who was struggling
- 100% were of the view that 20% discretionary rate relief should continue to be awarded in respect of village halls managed by charities with open access policies
- 100% were of the view that 20% discretionary rate relief should continue to be awarded in respect of local scout/girl guide accommodation and youth clubs operated by charities and not for profit organisations
- 100% were of the view that discretionary rate relief should continue to be awarded to those charities and not for profit organisations who carry out a function which would normally be carried out by the Council.

2.2 Government has produced guidance to assist Councils in determining applications for relief. The guidance suggests that:

- All cases should be determined on their individual merits
- Applications should be made in writing and include relevant information such as the latest audited accounts, constitution, membership details, etc.
- Councils should consider notifying applicants of the reasons why relief has not been awarded so that they can take steps to conform with the criteria used to determine the case
- Councils may also wish to consider the following:
 - Is membership open to all sections of the community? If membership and/or joining fees are charged, are they restrictive?
 - Does the organisation actively encourage membership from particular groups (e.g. the young, elderly, disabled, disadvantaged, etc.)?
 - Are the facilities made available to others (such as schools, non-members, etc.)?

- Does the organisation provide training or education to its members?
- If the organisation provides a bar for members, is this the main (or ancillary) function of the organisation?
- Does the organisation provide facilities which indirectly relieve the Council of the need to do so, or enhance and supplement those which it does provide?
- Is membership drawn from people mainly resident in the Council's area?
- Is the organisation affiliated to local/national organisations and actively involved in the development of their interests.

2.3 As the Council now has to meet a large percentage of the cost of relief, Cabinet may feel that awards should only be made if it is in the Council Taxpayer's interest to do so. The discretionary rate relief policy set out at Appendix 3 has been produced to reflect that position. It also incorporates the best elements of the previous schemes, the feedback from key stakeholders as well as the guidance from government. In developing the policy, the following rationale has been used.

I. Village halls

A number of village halls currently receive 20% discretionary rate relief in addition to any mandatory rate relief awarded. It is recognised that well maintained village halls have enormous benefits to rural communities. It is, therefore, proposed to continue to award 20% discretionary rate relief to those halls that are managed by registered charities with open access policies.

II. Scout huts, Youth clubs, etc.

These organisations have a positive impact on the youth of the area and help contribute towards their wellbeing. It is, therefore, proposed that 20% discretionary rate relief be awarded to those organisations which have charitable status. Those organisations which do not hold charitable status, but are not established to make a profit, will be entitled to apply for up to 100% discretionary rate relief. Such cases will be determined having regard to the particular circumstances of the case and whether it would be in the Council Taxpayer's interest to make the award.

III. Pre-schools

The former Councils recognised the important role of pre-schools and awarded 20% discretionary rate relief to those organisations which have charitable status. It is proposed that this relief continue. In addition, those organisations which do not hold charitable status, but are not established to make a profit, will be entitled to apply for up to 100% discretionary rate relief. Such cases will be determined having regard to the particular circumstances of the case and whether it would be in the Council Taxpayer's interest to make the award.

IV. Sports & Leisure

Currently, 20% discretionary rate relief is awarded to those charitable organisations which provide facilities which indirectly relieve the Council of the need to do so, as it is in the Council Taxpayer's interest to make the award. It is proposed that this continues.

Those organisations which do not hold charitable status, but are not established to make a profit, will be entitled to apply for up to 100% discretionary rate relief. Such cases will be determined having regard to the particular circumstances of the case and whether it would be in the Council Taxpayer's interest to make the award.

V. Cultural organisations

Currently, 20% discretionary rate relief is awarded to those charitable organisations which provide facilities which indirectly relieve the Council of the need to do so, as it is in the Council Taxpayer's interest to make the award. It is proposed that relief continue on that basis.

Those organisations which do not hold charitable status, but are not established to make a profit, will be entitled to apply for up to 100% discretionary rate relief. Such cases will be determined having regard to the particular circumstances of the case and whether it would be in the Council Taxpayer's interest to make the award.

VI. Community organisations

Currently, 20% discretionary rate relief is awarded to those charitable organisations which provide facilities which indirectly relieve the Council of the need to do so, as it is in the Council Taxpayer's interest to make the award.

Those organisations which do not hold charitable status, but are not established to make a profit, will be entitled to apply for up to 100% discretionary rate relief. Such cases will be determined having regard to the particular circumstances of the case and whether it would be in the Council Taxpayer's interest to make the award.

VII. Other organisations

All other applications for discretionary rate relief will be considered having regard to:

- The particular circumstances of the case
- Whether the organisation provides facilities which indirectly relieve the Council of the need to do so
- The government guidelines
- Whether it is in the interests of the Council Taxpayer to make the award.

2.4 The policy looks to target support to those organisations which make a maximum contribution towards the community. It is anticipated that the majority of existing recipients would continue to receive discretionary rate relief and that the cost of awards would, therefore, be in line with budget provision. However, it is recognised that some existing recipients may no longer qualify for support from 1 April 2020. In such cases the organisation will be entitled to apply for support under the hardship rate relief scheme. Cabinet agreed a policy in relation to this relief earlier in the year.

