

CARLISLE CITY COUNCIL

Report to:- **Carlisle City Council**

Date of Meeting:- **11 January 2011**

Agenda Item No:-

Public

Title:- **DISCRETIONARY RATE RELIEF POLICY**

Report of:- **Assistant Director (Resources)**

Report reference:- **RD.35/10**

Summary:-

There has been growth in the number of charities and non-profit making organisations qualifying for discretionary rate relief occupying premises in the Carlisle district area. This trend is continuing.

This has resulted in the cost of getting such relief being significantly over the budget available. The report sets out several options for Executive consideration in addressing the situation.

The Executive, at its meeting of 2nd September 2010, opted for option 2.1(iii) as set out in the report, i.e. grant Rate Relief of 80% for all qualifying organisations as the basis for consultation with Overview and Scrutiny Panels.

Recommendation:-

The Council is asked to amend the Council's Discretionary Rate Relief Policy to restrict discretionary rate relief to 80% of rates payable (where 80% mandatory relief is not applicable) as recommended by the Executive on 22 November 2010

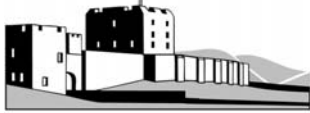
Contact Officer: Peter Mason

Ext: 7270

Peter Mason

Assistant Director (Resources)

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None



REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE AND RESOURCES

Date of Meeting: 22nd November 2010

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

Title: DISCRETIONARY RATE RELIEF POLICY

Report of: ASSISTANT DIRECTOR (RESOURCES)

Report reference: RD35/10

Summary:

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Recommendations:

The Executive is asked to consider ratifying its decision of 2nd September 2010, ie. grant rate Relief of 80% for all qualifying organisations subject to the required 12 months notice being given of the change in policy.

Contact Officer: Peter Mason

Ext: 7270

CITY OF CARLISLE

To: The Executive
22 November 2010

RD35/10

DISCRETIONARY RATE RELIEF POLICY

Introduction

- 1.1 At its meeting of 25 March 2002 the Executive agreed the Council's current Discretionary Rate Relief policy effective from the 1st April 2003 (see Appendix 1).
- 1.2 The Council's policy (or scheme) on discretionary relief was initially set up to help local charities. In summary 20% Top-up Discretionary Relief to 80% Mandatory Rate Relief is awarded to successful applicants. 100% Discretionary Relief is awarded to non-profit making bodies where the hereditament is used for charitable, philanthropic or religious purposes or concerned with education, social welfare, science, literature or the fine arts, or used wholly or mainly for recreation by a not-for-profit club or society. Where a ratepayer is in receipt of Mandatory Relief then 75% of any further Discretionary Relief (ie 20% Top-up) is borne by the Council. Where 100% Discretionary Relief is awarded then the Council meets 25% of the total cost.
- 1.3 Decisions on applications for relief that meet the criteria set out in appendix 1 are delegated to officers. However any application that does not meet the criteria is referred to the Executive for consideration.
- 1.4 There has been growth in the number of charities and non-profit making organisations qualifying for discretionary rate relief occupying premises in the Carlisle district area. This trend is continuing.
- 1.5 In financial terms the cost to the Council of discretionary rate relief is currently £111,129. (See Appendix 2) Due to growing numbers of organisations qualifying for relief the 2010/11 budget provision of £98,300 is now overspent. Also there are applications in the pipe line that will increase costs to approximately £150,000.
- 1.6 This report advises members of the options for consideration to bring the cost of Discretionary Rate Relief within budget available.

2. OPTIONS

2.1

- i) Discretionary Relief decisions delegated to officers could be restricted to local charities, i.e. 100% rate relief would be restricted to voluntary youth and elderly organisations, village halls, community amateur sports clubs, credit unions and art clubs and registered local charities. National or regional charities would be restricted to the 80% Mandatory Relief. National Charities which tend to be bigger organisations do not get such top-up relief in most local authorities and can better absorb reduced rate relief within their overall budgets. This option would reduce the cost of relief to the Council by £26,480.
- ii) Another option would be to also restrict rate relief to 90% of rates payable for all Local charities etc which would result in savings of £78,600.
- iii) A further option would be to restrict rate relief to 80% mandatory or discretionary for all qualifying organisations.

2.2 If the Council wanted to maintain its current scheme it would need to agree a supplementary estimate of £50,000 to top up the Discretionary Rate Relief budget. Such additional financial resources would be difficult to find in the current financial climate.

2.3 It should be noted that applications for relief that do not meet any revised criteria would continue to be referred to the Executive for consideration.

2.4 It should be further noted that due to the requirement to give 12 months notice of any changes to discretionary rate relief entitlement (from 1st April 2011) it will be April 2012 before any changes agreed could be introduced to organisations that are not registered as charities. As the required notice has already been given to charities any changes can be introduced from 1st April 2011.

3. CONSULTATION

3.1 As part of the proposed amendment, other Cumbrian authorities and similar authorities nationally were approached for details of their discretionary relief policies. Targeted questions, including top-up relief for national charities, were asked concerning their policies.

- 3.2 Other than confirming that Carlisle's current scheme of allowing 100% relief to qualifying organisations via mandatory and discretionary relief is generous in comparative terms, there is no pattern to the many different schemes. The comparison exercise has not added value to the process.

4. RECOMMENDATIONS

- 4.1 The Executive is asked to consider ratifying its decision of 2nd September 2010, ie. grant rate Relief of 80% for all qualifying organisations subject to the required 12 months notice being given of the change in policy.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The Executive is required to consider options to address a shortfall in the Council's Discretionary Rate Relief budget views before consideration by Resources Overview and Scrutiny Committee.

6. IMPLICATIONS

- Staffing/Resources – Not Applicable
- Financial – Included in Report.
- Legal – Revisions to the policy will have to be carefully drafted to ensure it is clear which charities qualify as local.
- Corporate – Not applicable
- Risk Management – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable
- Impact on Customers – See note below.
- Equality and Diversity – See note below.

Impact assessments

Does the change have an impact on the following?

Assessment	Impact Yes/No?	Is the impact positive or negative?
Equality Impact Screening Does the policy/service impact on the following?		
Age	Yes	Negative
Disability	Yes	Negative
Race	No	
Gender/ Transgender	Yes	Negative
Sexual Orientation	Yes	Negative
Religion or belief	Yes	Negative
Human Rights	No	
Social exclusion	Yes	Negative
Health inequalities	Yes	Negative
Rurality	Yes	Negative

If you consider there is either no impact or no negative impact, please give reasons:

Negative impact is the reduction in rate relief.

If an equality Impact is necessary, please contact the P&P team.

Any changes to the Discretionary Rate Relief Policy will be covered by the EqIA 7 Financial Services.

Officer Criteria for Granting Discretionary Rate Relief

1. Eligibility for Discretionary Rate Relief

- 1.1 To be eligible for consideration, the ratepayer must be a non-profit making body and the hereditament used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or the fine arts, or used wholly or mainly for recreation by a not-for-profit club or society.

2. The Council will look favourably on applications from organisations which meet the following criteria (as appropriate):

- 2.1 Membership open to all sections of the community, subject to legitimate restrictions e.g. where the capacity of an organisation's facilities is limited or an ability to participate in a specific activity is required.
- 2.2 Membership from particular groups in the community is actively encouraged e.g. young people, older age groups, people with disabilities etc.
- 2.3 Membership is drawn mainly from residents of the District.
- 2.4 Facilities are made available, subject to capacity, to people other than members e.g. schools, casual public sessions etc.
- 2.5 The organisation is affiliated to a local or national organisation actively involved in local or national development of their interest.
- 2.6 Where the organisation runs a bar this should not necessarily preclude it from being eligible for relief, the test being whether the bar is incidental to the aims of the organisation. In deciding on the incidental nature of the bar the following points should be taken into account:
- 2.6.1 Whether the main aim of the club is to bring together people with similar interests as opposed to general social activities.
- 2.6.2 Whether the club derives the majority of its income from the bar and ancillary gaming machines or from other means.
- 2.6.3 Whether bar profits go towards subsidising cheap drink as opposed to subsidising other activities of the club.

3. All other applications referred to the Executive for consideration.

Supplementary guidance for Members when considering granting/refusing discretionary rate relief

- 1 In addition to the suggested criteria for Officers (Appendix), Members should consider the following questions when deciding whether to grant or refuse discretionary rate relief.
 - 1.1 Issues of concern covering access, facilities etc, i.e. are membership rates set at such a high level as to exclude the general community? are bar profits/gaming machines subsidising cheap drink as opposed to subsidising other activities of the club etc?
 - 1.2 Are training or educational schemes provided for members to develop their skills?
 - 1.3 Have the facilities have been provided by self-help and/or grant aid?
 - 1.4 Does the organisation provide facilities that relieve the Council of the need to do so or enhances and supplements these that it does provide?
 - 1.5 Does the organisation contribute to local or regional community strategy and/or Council objectives?
 - 1.6 Does the organisation meet any further criteria that are appropriate to the furthering of Council policies and the needs of the community such as development programmes?

CRITERIA FOR GRANTING/REFUSING DISCRETIONARY RATE RELIEF

1. Claims for discretionary rate relief should be considered to the following criteria as suggested by the Department of the Environment.
2. Access
 - 2.1 Membership should be open to all sections of the community, subject to legitimate restrictions such as where the capacity of an organisation's facilities is limited. Clubs or organisations should not be considered if their membership rates are set at such a high level as to exclude the general community.
 - 2.2 The organisation should actively encourage membership from particular groups in the community, e.g. young people, older age groups etc.
 - 2.3 The organisation should, subject to capacity, make their facilities available to people other than members, e.g. schools, casual public sessions etc.
3. Provision of Facilities
 - 3.1 Organisations should provide training or educational schemes for members to develop their skills.
 - 3.2 If the organisation runs a bar this should not necessarily preclude it on being eligible for relief, the test being whether the bar is incidental to the aims of the organisation. In deciding on the incidental nature of the bar the following points should be taken into account:
 - i) The main purpose of the club, i.e. whether the main aim of the organisation is to bring together people with similar interests as opposed to general social activities.
 - ii) Whether the club derives the majority of its income from the bar and ancillary gaming machines or from other means.
 - iii) Whether bar profits go towards subsidising cheap drink as opposed to subsidising other activities of the club.
4. Other Considerations
 - 4.1 The organisation should be affiliated to a local or national organisation actively involved in local/national development of their interest.
 - 4.2 Membership should be drawn from people mainly resident in the charging authority's area. Members should have in mind that 25% of the cost of any relief given will be borne by the Council Tax payers in their area.

Discretionary Rate Relief Granted to date 2010/11

<u>Organisation type</u>	<u>Number</u>	<u>Granted</u>	<u>Relief</u>	<u>Cost to Council</u>
		100%	20%	
			Top Up	
		£	£	£
Public and Village Halls	43	5,202	10,056	8,842
Recreational	54	88050	39,791	51,856
Voluntary Youth And Senior Citizens	11	1,635	3,152	2,773
Community Centres	12	-	13,737	10,302
Welfare Advice	20	-	12,567	9,425
Charity Offices	25	-	24,012	18,009
Day Centres	8	-	7,470	5,603
Health Related	8	-	6,801	5,101
Housing Assoc	1	-	224	168
Total	182	94,887	117,810	112,079
<u>Future Awards</u>				37,683
Total				<u>£149,762</u>