

REPORT TO EXECUTIVE			
PORTFOLIO AREA:			
Date of Meeting:	25 March 2002		
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes/No
Inside			

Title: THE DISCRETIONARY RELIEF POLICY

Report of: The City Treasurer

Report reference: Financial Memo 2001/02 No 148

Summary:

This report advised the Executive of the timetable for reviewing current arrangements and policy criteria for considering applications for Discretionary Rate Relief.

Recommendations:

The Executive is requested to consider sanctioning the timetable for reviewing the Council's current Discretionary Rate Relief policy as detailed in section 3 of the report.

The Executive is requested to consider all new applications for relief for a fixed time period to 31 March 2003 until the review of policy has taken place.

Contact Officer: Peter B Mason

Ext: 7270

CITY OF CARLISLE

To: The Executive Financial Memo

25 March 2002 2001/02 No 148

THE DISCRETIONARY RATE RELIEF POLICY

1. INTRODUCTION

1. At the meeting of the Competition and Community Charge Committee of 23 July 1990 it was agreed to consider applications for Discretionary Rate Relief to the criteria laid down in Appendix A. At various meeting since 1990 members have extended the policy, it last being extended at the Policy and Resources Committee of 2 July 2001 to 31 March 2003.
2. As recipients of Discretionary Rate Relief are required to be given 12 months notice of any change in policy the decision making process on reviewing the policy needs to be commenced by 31 March 2002.

2. TRENDS IN TYPE OF ORGANISATION APPLYING FOR DISCRETIONARY RATE RELIEF AND IMPLICATIONS FOR THE COUNCIL

1. In 1990 when the current policy was agreed most applicants for Discretionary Rate Relief met the criteria as set out in Appendix A. The issue exercising members and officers minds of the day being whether social clubs with subsidised beer sales and significant income from fruit machines could qualify for relief. This issue was resolved by setting out criteria to judge such applications (see Appendix A Para 3.2) and assessing applications against such criteria.
2. In recent years most new applications for relief have not met the criteria detailed in Appendix A and have been considered by members on an individual basis. These have come mainly from organisations which clearly provide a service which is welfare related or educational in nature where in the past such services have been provided or funded by Local Authorities, the Health Service, Education Service etc. Also from Charities and specialised housing associations looking for discretionary top up rate relief on their office accommodation, beyond the level covered by mandatory relief.
3. These trends have led to a change in emphasis on the type of organisations the Council supports and also a steady growth in the amount of discretionary rate relief granted and the cost of relief to the Council. See Tables 1 and 2 below.

Table 1

Discretionary Rate Relief Granted 2002/03

Organisation type Number Granted Relief Cost to

Council

100% 20%

Top Up

£ £ £

Meeting Criteria

In Appendix A

Public and Village

Halls 39 2,808 4,834 4,327

Recreational 51 96,434 1,073 24,913

Voluntary Youth

And Senior Citizens 11 - 3,993 2,995

Community Centres 7 ____ - ____ 6,537 4,903

108 99,242 16,437 37,138

Sanctioned

By Members on

Individual Basis

Welfare Advice 12 1,736 6,876 5,591

Charity Offices 3 - 2,871 2,153

Day Centres 4 - 433 324

Health Related 13 - 6,603 4,952

Housing Assoc 1 - ____ 67 50

33 1,736 16,850 13,070

Total 141 100,978 33,287 50,208

Table 2

Cost of Relief Amount % Increase %Increase

Retail Price Index

£

1990/01 23,181

2002/03 50,208 116% 38.6%

2.4 The Council's Budget for meeting the costs of Discretionary Rate Relief in 2002/03 is £50,750 (total budget £61,500 including £10,750 meeting costs of Rural Settlement Relief). The Council can therefore meet its current Discretionary Rate Relief commitments and has approximately £550 budget available to meet the cost of successful new claims for relief.

4. However based on current trends the Council will need to 'top up' its Discretionary Rate Relief budget in the short to medium term (The Council already has new applications to relief being processed).

3. THE WAY FORWARD ON DETERMINING FUTURE DISCRETIONARY RATE RELIEF POLICY

1. In meeting regulatory requirements:-

- i. All current recipients of Discretionary Rate Relief need to be given 12 months notice that their current relief period finishes on 31 March 2003. Current recipients will be advised that new application forms will be sent out in September 2002 to enable the organisation to apply for relief from 1.4.2003 onwards. This is normal administrative practice undertaken every 3-5 years (last undertaken September 1997).
- ii. All new applications where the organisation occupied their premises during 2001/02 must be considered by the Executive (or City Treasurer under delegated powers) by 30 September 2002.

1. The Council will therefore need to either endorse the current arrangements and criteria for considering applications for rate relief (and target additional budget provision) or amend it's arrangements and policy criteria for considering applications, before 30 September 2002.

2. It is proposed to bring a report to the Executive in June 2002 indicating:-

- i. The budget implications of maintaining the current arrangements and policy criteria for considering applications for Discretionary Rate Relief.
- ii. Suggestions on how the current arrangements and policy criteria could be varied whilst continuing to consider favourably organisations meeting the criteria set out

in Appendix A.

iii. The saving effect which could be achieved by encouraging recreational organisations to obtain charitable status will also be illustrated.

1. All new applications will be considered under current arrangements by members or the City Treasurer under delegated powers until the Discretionary Rate Relief Policy criteria has been confirmed or amended in July 2002, but relief will be granted for a fixed time period to 31 March 2003.

4. CONSULTATION

1. Consultation to Date.
2. Consultation proposed.

5. STAFFING/RESOURCES COMMENTS

Not Applicable.

6. CITY TREASURER'S COMMENTS

Stated within the report.

7. LEGAL COMMENTS

Not Applicable.

8. CORPORATE COMMENTS

Not Applicable.

9. RISK MANAGEMENT ASSESSMENT

Not Applicable.

10. EQUALITY ISSUES

Not Applicable.

11. ENVIRONMENTAL IMPLICATIONS

Not Applicable.

12. CRIME AND DISORDER IMPLICATIONS

Not Applicable.

13. RECOMMENDATIONS

1. The Executive is requested to consider sanctioning the timetable for reviewing the Council's current Discretionary Rate Relief policy as detailed in section 3 of the report.

13.2 The Executive is requested to consider all new applications for relief for a fixed time period to 31 March 2003 until the review of policy has taken place.

14. REASONS FOR RECOMMENDATIONS

Not Applicable.

D THOMAS

City Treasurer

Contact Name: Peter B Mason 7270

City Treasury

Carlisle

15 March 2002

PM/EL/f1480102

APPENDIX A

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

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.

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

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.

3. Other Considerations

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.

City Treasury,

Carlisle.

18 March 2002

PBM/CH/Criteria

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.

City Treasury,
Carlisle.
18 March 2002
PBM/CH/Criteria