



# REPORT TO EXECUTIVE

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## PORTFOLIO AREA: COMMUNITY ENGAGEMENT

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**Date of Meeting:** 31st October 2011

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**Public**

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**Key Decision:** Yes

**Recorded in Forward Plan:** Yes

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### Outside Policy Framework

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**Title:** DISCRETIONARY RATE RELIEF POLICY

**Report of:** THE ASSISTANT DIRECTOR COMMUNITY ENGAGEMENT

**Report reference:** CD17/11

### Summary

This report outlines changes to the City Council's discretionary rate relief policy on National Non domestic Rates (NNDR) to apply from 2012 onwards. The proposed policy change will allow 100% relief to smaller local charities and other qualifying organisations on an ongoing basis.

It discusses considerations in setting and managing discretionary relief on National Non Domestic Rates (NNDR) to charitable and not for profit organisations and the background to the proposed policy change

### Recommendations

It is recommended that the Executive approves and recommends to Council the following amendments to the Discretionary Rate Relief Policy to the effect that the Council:

- 1) provides 100% rate relief to small, local charities and not for profit making organisations as detailed in option 1 of the Report; and
- 2) That the Executive recommend that Council confirm the Authority's Discretionary Rate Relief policy as shown in Appendix 1 of this report.

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## **1. BACKGROUND INFORMATION AND OPTIONS**

1.1 Central Government has for a number of years provided reimbursement to local authorities in relation to both mandatory and discretionary rate relief as outlined below.

### **1.2 Charities and non profit making organisations**

1.3 The terms 'charity' and 'non profit making organisation' cannot be used interchangeably. Organisations that have formally recognised (Charity Commission) charitable purposes, i.e. registered charities and friendly societies, receive mandatory 80% relief on National Non Domestic Rates (NNDR). All of this is reimbursed to the City Council by Central Government. The City Council has the discretion to award up to another 20% relief on NNDR. Only 25% of this element is reimbursed from Central Government, the difference being a cost to the authority.

1.4 Non profit making organisations that are not charities or friendly societies (including for example many local sports clubs) are only eligible for rate relief at the discretion of the City Council. Central Government reimburses the City Council 75% of whatever relief is provided. The remainder comes from City Council resources.

### **1.5 Carlisle City Council's Policy**

The City Council's policy on discretionary rate relief approved by Council on 11 January 2011 (RD.35/10) phased in the capping of rate relief at 80% over two financial years from April 2011 in line with approved budget provision.

1.6 On 13 September 2011 Council granted 100% rate relief to Eden Valley Hospice on the grounds that by exception it provides a remarkable and unique service to Carlisle's communities that are not replicated through alternative provision within the District.

1.7 The policy amendment provides transitional arrangements for organisations which may have lost relief with effect from April 2011.

### **1.8 Recommended Policy Change from 2012/13 onwards - 100% relief to small and local charities**

1.9 From 2012/13 and subject to approval (by the Council) it is proposed to award 20% discretionary "top up" rate relief to all local charities and non profit making enterprises with a Rateable Value of below £18,000. (This figure is the ceiling applied by central government for small business rate relief and as such acts as an appropriate delineation point.)

### **1.10 Consideration of Options for Allocation of Rate Relief**

With the proviso that the total available budget be £54,500, this recommendation was brought forward on the basis of consideration of a number of options. These are outlined below.

#### **1.11 Option 1 (Recommended Option of 100% relief to small and local charities)**

It is felt that this option provides the highest level of support, for the widest grouping in a practical and consistent framework

The policy change would mean 132 out of 153 local enterprises would receive 100% rate relief, including most community centres, village halls, sports clubs, and local charities.

If approved, the proposed policy changes would apply to all enterprises that meet the definition of 'local':

*'Charities/non profit making enterprises with a property portfolio of below £18,000 rateable value that have their Head Office or Registered Office in Carlisle and District, as evidenced by records published on the Charities Commission or Companies House website. Where there is no information on the website the billing address will be deemed to be their Head Office or Regional Office.'*

Appendix 2 of this report lists the 132 local charitable and not for profit organisations which have a rateable value of under £18,000. The total cost of providing 100% rate relief to these organisations is £42,044. The total cost of implementing the policy is £52,907. This is within budgeted provision.<sup>1</sup>

Appendix 2 of this report lists the 50 charitable and not for profit organisations which have a rateable value of £18,000 or more and national charities with a RV under £18,000. The total cost of providing 100% rate relief to these organisations is £99,484

#### **1.12 Other options considered were as follows:**

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<sup>1</sup>The cost of implementing the policy also includes the amount the Council pays towards awarding 80% discretionary relief to local none profit making enterprises, with a rateable value of over £18,000 and rural settlement relief.. The cost to the Council of awarding 80% discretionary rate relief is £9,063. The cost of rural settlement relief is £1800. The total cost of implementing option 1 is therefore £52,907.

1.13 **Option 2** – Provide £100% to all 182 charitable and not for profit organisations operating out of Carlisle – including whether registered in the City or through a National office. The cost of this would be £.139,526. This option is outside of the available budget.

1.14 **Options 3** – Provide some additional discretionary relief to all organisations. Calculations were based on:

1. Providing 90% to all charitable and not for profit organisations. The cost of this would be £778,037. This option is outside of the available budget.
2. Providing 90% to all small charitable and not for profit organisations. The cost of this would be £26,040 This option is within the available budget
3. Providing 90% to all local and small charitable and not for profit organisations  
The cost of this would be £223,979 This option is within the available budget

Appendix 2 lists all charities and not for profit organisations and considers the cost to the Council of providing rate relief against these alternatives as below:

1.15 **Option 4** - Provide additional discretionary relief based on an organisation's contribution to Corporate Plan aims and objectives.

The option would provide the ability to reward and encourage charities and not for profit organisations for their contribution towards Corporate Plan objectives and, more generally, to the communities of Carlisle. It was not included as the recommended option because of the likely difficulties in achieving, within budget, clear transparency and consistency. Analysis of current level of relief, (as Appendix 1) shows that for majority of organisations the award would be relatively low. While the administration of such a scheme would be likely to be complex it would see some small organisations receiving very small amounts of relief.

## **2.0 Appeals**

2.1 Regulations provide that there is a statutory right of Appeal in relation to any decision that the Council may make pursuant to its Discretionary Rate Relief Policy. Once the Council has established its policy in this area, a report dealing with the Appeals Procedure will be presented to the Council's Executive at the earliest opportunity

### **3.0 CONSULTATION**

- 3.1 Consultation to date: - other Cumbrian authorities were examined as part of the process of policy development. The survey revealed there is no consistent approach or rationale applied by authorities in the County. The proposed policy change for Carlisle is designed to ensure that the resources that the City Council has available are targeted to the smaller local charities and not for profit making enterprises so that they can continue to provide opportunities and improve the health and wellbeing of Carlisle and District residents.
- 3.2 Community Overview and Scrutiny Panel and Resources Overview and Scrutiny Panel have considered the draft policy.

### **4.0 RECOMMENDATIONS**

4.1 It is recommended that the Executive approves and recommends to Council the following amendments to the Discretionary Rate Relief Policy to the effect that the Council:

- 1) Provides 100% rate relief to small, local charities and not for profit making organisations as detailed in option 1 of the report
- 2) That the Executive recommend that Council confirm the Authority's Discretionary Rate Relief Policy as shown at Appendix 1 of this report

### **5.0 REASONS FOR RECOMMENDATIONS**

- 5.1 The Executive is required to consider how to target its limited resources and achieve a positive outcome for Carlisle and District's communities.

### **6.0 IMPLICATIONS**

Staffing/Resources – Not applicable

Financial – There is £104,000 budget set aside in 2011/12, including carry forward of £18,000, and £54,500 p.a. for 2012/13 onwards. If the recommendations contained within this report are approved, the costs are within budget.

Legal - The Discretionary Rate Relief Policy is part of the Council's Budget and Policy Framework therefore; the amendments to the Policy have to be made in accordance with the Council's Budget & Policy Framework. As with any discretionary policy, its application has to be fair, non-discriminatory and reasonable.

Corporate – None

Risk Management – The proposed policy improves the financial position of smaller local charities and non profit making organisations and enhances their sustainability.

Environmental – None

Crime and Disorder – None

Impact on Customers – see comment on equalities and social inclusion considerations

**Impact assessments**

**Does the change have an impact on the following?**

<b>Equality Impact Screening</b>	<b>Impact Yes/No?</b>	<b>Is the impact positive or negative?</b>
Does the policy/service impact on the following?		<b>Please see note below</b>
Age	<b>Yes</b>	
Disability	<b>Yes</b>	
Race	<b>Yes</b>	
Gender/ Transgender	<b>Yes</b>	
Sexual Orientation	<b>Yes</b>	
Religion or belief	<b>Yes</b>	
Human Rights	<b>Yes</b>	
Health inequalities	<b>Yes</b>	
Rurality	<b>Yes</b>	

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

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

The proposed amendment to the policy will reduce the cost of business rates to 132 charitable and not for profit organisations. This will have a positive impact on their finances. These organisations work with individuals and communities across the range of protected characteristics.

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# **REPORT CD.17/11 APPENDIX ONE**

## **CARLISLE CITY COUNCIL**

### **POLICY STATEMENT ON DISCRETIONARY RATE RELIEF**

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#### **1. The Policy**

From the financial year commencing 1 April 2012 and each subsequent financial year it is the Policy of the Council of the City of Carlisle to award 100% rate relief to all eligible local charities and non profit making enterprises, such eligibility being specified in section 2 of this Policy.

#### **2. Eligibility**

For an organisation to apply to be considered for discretionary business rate relief the following conditions must be met:

1. The ratepayer is a charity or trustees for a charity and the property is wholly or mainly used for charitable purposes
2. The property is all or mainly occupied by a not for profit making enterprise concerned with education, social welfare, science, literature, religion or the fine arts or recreation.
3. The organisation is a Community Amateur Sports Club (or similar) or Community Interest Company.
4. The property portfolio held by the organisation is below £18,000 rateable value and eligible organisations have their Head Office or Registered Office in Carlisle and District, as evidenced by records published on the Charities Commission or Companies House website. Where there is no information on the website the billing address will be deemed to be their Head Office or Regional Office.
5. Organisations with a Rateable Value above £18,000 will be restricted to 80% mandatory or discretionary relief.
6. Eden Valley Hospice is considered an exception and will receive 100% relief



### **3. Rationale**

The policy is designed to target financial resources at those small, local organisations that provide opportunities for people living in Carlisle and District's communities in a transparent and consistent manner.

The £18,000 rateable value limit is the ceiling applied by central government for small Business rate relief and as such acts as an appropriate delineation point.

While registered charities are entitled to 80% mandatory relief this policy gives charities and not for profit enterprises which meet the eligibility criteria, top up to 100% relief.

### **4. Transitional Arrangements – applicable in the year 1 April 2011 to 31 March 2012**

These arrangements apply to local charities that lost relief with effect from 1 April 2011

- Top up relief up to a maximum of 10% is available to organisations with their Head Office or Registered Office in Carlisle and District, as evidenced by records published on the Charities Commission or Companies House website. Where there is no information on the website the billing address will be deemed to be their Head Office or Regional Office.
- Funding is available up to £18,000

Each application will be examined individually and treated on its own merits.

### **5. General**

The Council reserves the right to seek additional information as necessary All organisations subject to National Non-Domestic Rate Charges have a statutory right of Appeal to the billing authority (Carlisle City Council). .