



REPORT TO EXECUTIVE

PORTFOLIO AREA: COMMUNITY ENGAGEMENT

Date of Meeting: 30 August 2011

Public/Private* Public

Key Decision: Yes

Recorded in Forward Plan: No

Outside policy Framework

Title: DISCRETIONARY RATE RELIEF POLICY
Report of: Assistant Director – Community Engagement
Report reference: CD.09/11

Summary:

This report proposes changes to the discretionary rate relief policy to apply from 2012 onwards, and seeks approval of the proposed solution for 2011/12 appeals.

The new policy proposes 100% relief to smaller local charities and other qualifying organisations on an ongoing basis.

Recommendations:

It is recommended that the Executive:

- 1) Approves the amendment to the Discretionary Rate Relief Policy in order for it to proceed for consideration by the Community and Resources Overview & Scrutiny Panels and thereafter full Council.
- 2) Authorises officers to agree up to 10% top up for those local charities that have successfully appealed against the decision to cap their rate relief at 80% in 2011/12.

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

- 3) Agrees that further appeals from charities against the decision to cap rate relief at 80% in 2011/12 shall be assessed against the definition of local set out in this report, and authorises officers to award up to 10% top up to successful appellants.

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1.0 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 for 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

1.6 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.

1.7 Proposed Policy Changes - Rate Relief from 2012/13 onwards

1.8 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.)

1.9 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.'

- 1.10 The policy change would mean 111 out of 153 local enterprises would receive 100% rate relief, including most community centres, village halls, sports clubs, and local charities.
- 1.11 By focussing on small and local enterprises, the proposed policy changes are intended to target the available budget for rate relief as effectively as possible.
- 1.12 This does mean that larger local charities and not profit making organisations would not benefit from the proposed amendments and would receive a maximum of 80% relief from 2012/13 onwards.
- 1.13 **Appeals in 2011**
- 1.14 In the 2011/12 financial year, all local and National charities (irrespective of their Rateable Value) have had their relief capped at 80%. Six local charities have so far appealed against this decision
- 1.15 Recovery action is on hold pending consideration of appeals. Within the overall budget allocation, £18,000 is available to fund appeals through additional relief in the current financial year. In line with the principle of targeting relief at local charities and local non profit making organisations, it is proposed, for this financial year only, to award up to 10% top up to the six charities that have appealed, irrespective of their rateable value.
- 1.16 In the interests of consistency and fairness, it is proposed that any further appeals received in 2011/12 will also be assessed against the criteria of local (not including rateable value) and if they meet the definition, they too will be awarded additional relief of up to 10%.

2.0 CONSULTATION

- 2.1 Consultation to date:- Other Cumbrian authorities' policies 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 the City Council has available are targeted to the smaller local charities and not for profit making enterprises, so they can continue to provide opportunities and improve the health and wellbeing of Carlisle and District residents.
- 2.2 Future consultation:- The updated Discretionary Rate Relief Policy (in draft) will go the Community Overview and Scrutiny Panel on the 1 September 2011 for consideration and comment and to the Resources Overview and Scrutiny Panel on 13 October 2011 before returning to Executive on 31 October 2011.

3.0 RECOMMENDATIONS

3.1.1 The Executive is asked to:

- 1) Approve the amendment to the Discretionary Rate Relief Policy in order for it to proceed for consideration by the Community and Resources Overview & Scrutiny Panels and thereafter full Council.
- 2) Authorise officers to agree up to 10% top up for those local charities that have successfully appealed against the decision to cap their rate relief at 80% in 2011/12.
- 3) Agree that further appeals from charities against the decision to cap rate relief at 80% in 2011/12 shall be assessed against the definition of local set out in this report, and authorise officers to award up to 10% top up to successful appellants.

4.0 REASONS FOR RECOMMENDATIONS

- 4.1 The Executive is required to consider how to target its limited resources and achieve a positive outcome for Carlisle and District's communities before consideration by the Community and Resources Overview and Scrutiny Panels.

5.0 IMPLICATIONS

- Staffing/Resources – Not applicable
- Financial – There is £104,000 budget set aside in 2011/12, including carry forward of £18,000, and £53,400 p.a. for 2012/13 onwards. If the recommendations contained within this report are approved the costs can be met from within existing base budgets.
- Legal – The Discretionary Rate Relief Policy is part of the Council's Budget and Policy Framework and the decision making route is identified within the body of the report.
- 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?

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

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

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The proposed amendment to this policy will reduce the cost of business rates for **111** 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.

The remaining **42** organisations will continue to receive 80% rate relief. They will not experience any change from the policy adopted in January 2011. There is therefore no change in impact on these organisations.