

Committee:	Executive	Agenda Item No.:	11.
Date:	8 th September 2008	Status	Open
Category	Decision within the functions of Executive		
Subject:	Discretionary Relief from National Non-Domestic Rate Review		
Report by:	Head of Revenue Services		
Other Officers Involved	Billing and Recovery Manager		
Director	Resources		
Relevant Portfolio Holder	Social Inclusion		

RELEVANT CORPORATE AIMS

SOCIAL INCLUSION – Promoting fairness, equality and lifelong learning.

STRATEGIC ORGANISATIONAL DEVELOPMENT – Continually improving our organisation.

The report seeks to ensure that all applications for relief are dealt with on an equal footing and identifies cost savings.

TARGETS

Not applicable

VALUE FOR MONEY

The identified savings will contribute to the budget savings required of the Authority.

THE REPORT

Background

1. The Best Value Review of 'discretionary' services has prioritised the first tranche of services for review. The granting of Discretionary Rate Relief falls within the first tranche.

2. Mandatory Relief

Mandatory relief is granted to all registered charities and organisations which are deemed to be of a charitable nature and whose premises are used wholly for charitable purposes. Registered Community Amateur

Sports Clubs are also eligible. It is a right in law and relief is granted equivalent to 80% of the rates bill. There is no discretion for the Council.

3. Discretionary Relief

3.1. The relief granted can be up to 20% for charitable organisations granted Mandatory Relief and up to 100% for not for profit organisations.

3.2. The Council can grant discretionary rate relief to 'not for profit' organisations which are not eligible for Mandatory Relief and which are set up for:-

Recreational purposes or are,
Philanthropic or,
Religious or,
Concerned with Education or,
Social Welfare or,
Science or,
Literature or,
The Fine Arts

4. Guidance Issued by the ODPM (now DCLG)

There is guidance issued to assist authorities in determining the level at which discretionary relief should be awarded, if any. This guidance has been taken into account in setting out the criteria in the 'scheme guidelines' below. However, I thought it might be helpful to reproduce word for word the guidance given when it comes to considering the running of a bar.

"Does the organisation run a bar? The mere existence of a bar should not in itself be a reason for not granting relief. The authority should look at the main purpose of the organisation. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A club whose main aim is to bring together people with similar sporting interests should not be excluded from relief just because of the existence of a licensed bar. Some authorities already include in their decision making criteria how much in percentage terms they would deduct from the overall relief granted to clubs with bar facilities based on how much additional revenue the facility raises."

5. Process for determining applications for relief

Currently applications for relief are presented to the Executive for it to determine whether relief should be granted or not and if so at what level. By Regulation each application must be judged on its own merits. The Council can have a set of criteria by which applications are judged, but cannot have blanket policies for all applications.

Proposed Scheme Guidelines

Where Sports Clubs are not registered as Community Amateur Sports Clubs, encouragement and help can be given to register them.

Applications (see appendix 3) would be judged by four criteria. Each criteria would be scored as follows, depending on certain attributes of the applying organisation:

1 Point

0 Points

-1 Point (negative)

The total points awarded would determine the percentage of relief granted.

1. Aims and Objectives of the Organisation

Question – Do the aims and objectives of the organisation compliment the services of the Council and fit one of the Council's Corporate Aims for 'Community Safety', 'Environment', 'Regeneration' or 'Social Inclusion'?

Scoring – 1 point if they do.
0 points if they do not

2. Serving the Community

Questions – Membership questions about open to all sections of the community, %'age from the Council's area, is the organisation affiliated to any other local or national organisation?

Scoring – Membership open and above 75% from area = 1 point
Membership open and below 75% from area = 0 point
Membership not open = 0 point

3. Community Spirit/Involvement

Questions – Is most of the organisation funded locally and, is the service offered delivered by volunteers?

Scoring – 1 point if more than 50% of finance is raised locally and more than 75% of the service offered is delivered by local volunteers.

4. Locally Based Accounts

Statements of accounts to be submitted from which judgements can be made (see appendix 1 for examples). Note we are not asking for audited accounts. We would request a statement that the accounts do get audited or independently examined and that they are presented to an organising committee for approval.

Scoring – If supplies for resale and employee costs and, sales for a bar/other sales form the bulk of the financial activity = -1 Point (see example A of Appendix 1)

If local fundraising and donations/service delivery costs form the bulk of the financial activity = 1 Point (see Example B of Appendix 1)

If the balance of funding is mixed and not clear cut one way or the other = 0 Point

Limitations on Relief Granted

1. Discretionary Relief for organisations who attract Mandatory Relief

In general the maximum amount of relief to be awarded would be the 80% Mandatory Relief. Discretionary top-up relief would be limited to an award equal to or less than the amount of money that an organisation could demonstrate that the Council saves as a result of the service they give (see Appendix 2).

2. Discretionary Relief to non-charitable organisations

1 Point equals 20% discretionary relief up to a maximum of 80% relief, in line with the mandatory relief limit. Again, to attract relief beyond the 80% the organisation must demonstrate that the Council saves as a result of the service given (see Appendix 3)

Delegation Scheme

1. The Director of Resources is given delegated authority for determining Discretionary Rate Relief and for awarding Mandatory Rate Relief.
2. The Director of Resources to be given advice from an Officer/Member group who will consider applications in detail and work to the points system awarded in relation to the criteria set.
3. The suggested advice group to be:-

Head of Revenue Services
Billing and Recovery Manager
Portfolio Member for Social Inclusion
Chair of Scrutiny

4. The Director of Resources to determine whether or not to refer an application to the Executive if it is considered appropriate and, organisations which appeal the decision, based on the process not being adhered to, have their appeal considered by the Executive.

ISSUES FOR CONSIDERATION

The Executive to consider the new way of assessing the appropriateness of awarding Discretionary Business Rate Relief against a set criteria and whether to introduce a delegation for the Director of Resources to determine the award to be given.

IMPLICATIONS

Financial: Estimated Savings (based on 2007/08)

	£
Discretionary Awards Top-up - Mandatory	31,300
Other possible savings from scheme	5,000
Encouraging Sports Clubs to be Community Amateur Sports Clubs registered	2,600
Total possible Annual Savings	38,900

Legal: None

Human Resources: None

RECOMMENDATION(S)

- 1. The criteria, as set out in the report, for determining Discretionary Rate Relief, from April 2009, be approved,**
- 2. Awarding Discretionary Rate Relief above the 80% level be restricted to applicants who can demonstrate that the level of the award saves the Council expenditure it would otherwise have to incur if the organisation did not supply the service. The maximum to be limited the amount saved within the 20% maximum discretion,**
- 3. The delegation scheme, as set out in the report, be recommended to the Standards Committee for approval.**

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To ensure that the way of assessing the appropriateness of awarding Discretionary Business Rate Relief against a set criteria is fair and consistent to all applications and to introduce a delegation for the Director of Resources to determine the awards to be given.

ATTACHMENTS:

- 1. Appendix 1, Financial Statement**
- 2. Appendix 2, Application for Relief from Charitable Organisations**
- 3. Appendix 3, Application for Relief from Non-Charitable Organisations**

FILE REFERENCE: N/A

SOURCE DOCUMENT: Discretionary relief under s47 of Local Government Finance Act 1988.

Appendix 1

Statement of Income and Expenditure

		Example A		Example B
		£		£
Income	Bar Takings	50,000		-
	Other Sales	2,000		-
	Fund Raising	1,000		20,000
	Lettings	1,500		1,500
	Other	200		200
	Grants etc	-		
		54,700		21,700
Expenses	Supplies for Sales	40,000		-
	Employee Expenses	9,500		-
	Premises - Utilities	1,500		1,500
	Repairs and Maint	500		500
	Other	200		200
	Donations - Locally	100		2,000
	Nationally	-		17,000
		51,800		21,200

Example A would attract a negative point.

Example B would favour a positive point.

BUSINESS RATES: APPLICATION FORM FOR MANDATORY RELIEF

Please use this form if you are a charity, Community Amateur Sports Club or other organisation not established or conducted for profit, to apply for:

- Charitable relief under s43 (6) of Local Government Finance Act 1988.

<p>Please return this form to: Revenue Services, Bolsover District Council, Sherwood Lodge, Bolsover, Derbyshire S44 6NF Tel: 01246 242490</p>

1. Address of property for which claim is being made

2. Name of Charity/ Organisation

3. Contact name and address of Charity/ Organisation

4. Is the charity registered with the Charity Commission?

Yes

No

If 'Yes' please provide the Charity Commission Registration Number

5. Is the organisation a Community Amateur Sports Club?

Yes

No

If so, please provide proof of registration with the Inland Revenue

6. Is the organisation designated as an Industrial Provident Society? Yes

No

If so, please provide proof of designation

7. Do you use the premises as a charity shop?

Yes

No

8. If yes, please indicate what proportion of goods

sold consists of donated items?

9. The maximum amount of mandatory relief that can be awarded is 80 per cent. In order to receive additional discretionary relief, up to 20 per cent, you must demonstrate that the service you provide saves the Council an equivalent, or greater amount, of money. Please provide your statement/ details below. Continue on a separate sheet if required.

10. Signed Date

Print name Position held

Contact telephone

For office use only		
<u>Number of points</u>	<u>% Discretionary Relief</u>	<u>Authorised</u>

BUSINESS RATES: APPLICATION FORM FOR DISCRETIONARY RELIEF

Please use this form if you are an organisation not established or conducted for profit, to apply for:

■ **Discretionary relief under s47 of Local Government Finance Act 1988.**

<p>Please return this form to: Revenue Services, Bolsover District Council, Sherwood Lodge, Bolsover, Derbyshire S44 6NF Tel: 01246 242490</p>

SECTION A: GENERAL INFORMATION

1) Address of property for which claim is being made

2) Name of Organisation

3) Contact name and address of Organisation

4) What are the main purposes of the organisation?

5) What are the premises used for?

SECTION B AIMS AND ONJECTIVES OF THE ORGANISATION

6) The corporate aims of Bolsover District Council are shown below. Please tick any that you think your organisation also satisfies:

• Community Safety: ensuring that communities are safe and secure

• Environment: promoting and enhancing a clean and sustainable environment

• Regeneration: developing healthy, prosperous and sustainable communities

- Social Inclusion: promoting fairness, equality and lifelong learning

7) Please give a brief description of how your organisation satisfies these aims. Please continue on a separate sheet if required.

For office use only:

SECTION C: SERVING THE COMMUNITY

8) Is membership open to all sections of the community? Yes No

9) How many members does the organisation have?

10) How many members live within Bolsover district?

For office use only:

SECTION D: COMMUNITY SPIRIT/ INVOLVEMENT

11) Is the organisation affiliated to a local body? Yes No

12) Is the organisation affiliated to a national body? Yes No

13) Is at least 50 per cent of the organisation funded locally? Yes No

14) Is the service wholly/ partly delivered by volunteers? Yes No

15) Number of staff in paid employment:

16) Number of volunteers:

For office use only:

SECTION E: FINANCIAL MATTERS

17) Please complete the statement of Income and Expenditure below for your **locally** based financial activity.

Statement of Income and Expenditure

INCOME	£
Bar Takings	
Other Sales	
Membership Fees	
Fund Raising	
Lettings	
Grants etc	
Other	
TOTAL	
EXPENSES	
Stock (supplies for sales)	
Employee Expenses	
Premises - Utilities	
Repairs and Maintenance	
Other	
Donations - Local	
National	
TOTAL	

18) Are the accounts audited or independently examined and presented to an organising committee for approval? Yes No

For office use only:

19) In general, the maximum amount of discretionary relief that can be awarded is 80 per cent. In order to receive additional discretionary relief of up to 20 per cent, you must demonstrate that the service you provide saves the Council an equivalent, or greater amount, of money. Please provide your statement/ details below and overleaf. Continue on a separate sheet if required.

19) continued

For office use only:

SECTION F: AUTHORISATION

20) Signed

Date

Print name

Position held

Contact telephone

For office use only		
<u>Number of points</u>	<u>% Discretionary Relief</u>	<u>Authorised</u>