

Guidelines for the award of Discretionary Rate Relief for Charities and Other Bodies

EXECUTIVE MEMBER: Cllr E Woodburn: Leader of the Council

LEAD OFFICER: Jane Salt Head of Customer Services

REPORT AUTHOR: Jane Salt Head of Customer Services

Summary: To consider new arrangements for the award of discretionary rate relief for non-profit making organisations.

Recommendations: That Members recommend to Council the revised criteria for granting discretionary rate relief to non-profit making organisations.

Impact on delivering Copeland 2020 objectives: None

Impact on other statutory objectives (e.g. crime & disorder, LA21): None

Financial and human resource implications: The Council bears 25% of the cost of granting discretionary rate relief in respect of non-profit making organisations.

Project & Risk Management: None

Key Decision Status

- **Financial:** None

- **Ward:** None

Other Ward Implications: None

1. INTRODUCTION

- 1.1 In February 2006 The Executive agreed to a review of all existing discretionary rate relief granted to non-profit making organisations to inform a further report to decide whether to change the criteria for eligibility to rate relief.
- 1.2 As a result all discretionary rate relief cases were sent an application form to complete.
- 1.3 The purpose of this report is to suggest revised criteria to be considered when approving the granting of relief based on the forms that have been returned.
- 1.4 Under the Local Government Finance Act 1988, as amended, The Council may grant discretionary rate relief to certain categories of organisations:
 - Charitable organisations, including Community Amateur Sports clubs (CASC's).

These bodies may be granted, in addition to 80% mandatory rate relief, a further 20% discretionary relief.

- Other organisations or institutions that are not established for profit and whose main objects are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.

These organisations may be granted up to 100% discretionary rate relief.

- Organisations that are not-for-profit sports or social clubs or societies, or are other organisations occupying premises for the purpose of recreation.

These bodies may be granted up to 100% discretionary rate relief.

2. ARGUMENT

- 2.1 The policy was last reviewed in November 2002, when it was decided to leave it unchanged from that originally made in 1992.
- 2.2 Part of the cost of discretionary rate relief is borne by Central Government from the national non-domestic rate relief (NDR) pool and part by the Council.
- 2.3 Whilst each application for discretionary rate relief has to be considered on its individual merits, it is possible to set general guidelines provided they do not fetter the Council's decision-making process.
- 2.4 In formulating these guidelines, the Council may wish to be reminded of the factors that the DCLG says should be taken into account:
 - The extent to which the organisation:
 - Meets local needs in the community,
 - Provides a valuable service to the community,
 - Provides facilities which indirectly relieves the Authority of the need to
 - Availability of membership or facilities to the general public, not unduly restricted (For example Masonic lodges may not meet this criteria)
 - Membership is predominately drawn from inhabitants of the Borough
 - Premises are not regularly or routinely let out to non-profit making organisations or used for sales of a commercial nature
 - Whether the organisation also reflects the Council's Vision, Values and Key Corporate Objectives and Priorities, most significantly in relation to meeting the needs of the vulnerable and disabled.
 - The presence of a licensed bar and the contribution it makes to the running costs of the organisation.

ODPM guidelines recommend that relief is normally capped or excluded and the Council may wish to consider a sliding scale of relief directly related to bar turnover.

- The extent to which the organisation seeks to raise funds itself from related activities
- Trading accounts and balance sheet activity.

Relief may not be appropriate where an organisation is viable without funding from the Council.

- The extent of any other external funding or direct aid from the Council.

The Council may wish to take into account the level of funding from itself and other public bodies if appropriate

- The number of directly active members compared to social members and the extent to which facilities are made available to the Council or the County Council e.g. sports pitches

3. OPTIONS

3.1 There are a number of options available to the Council and the recommended revised criteria is shown at 3.2 with a maximum of 80% relief being granted.

3.2 To be considered for relief the organisation must meet two essential criteria:

- that the activities of the organisation meet a Corporate Plan objective and
- they demonstrate a funding need, taking into consideration the level of bar takings/profits.

In addition if the application is from a sporting organisation there is a third essential criteria. If the organisation could apply for Community Amateur Sports clubs status they must demonstrate that they have applied for this and not been refused.

Providing the organisation meets these criteria, the level of relief to be granted is then built up by multiples of 20% based on whether they have:

- affordable subscriptions
- local membership
- disabled facilities
- open access to all.

4. CONCLUSIONS

4.1 It is appropriate to review the existing granting of discretionary rate relief to ensure that the Council's policies, strategies and financial priorities are properly reflected in its guidelines.

4.2 Relief would be granted to those organisations who are pursuant to the objectives of CBC.

- 4.3 That future applications where the criteria are met be decided by the Head of Customer Services in accordance with the agreed recommendations by Executive on 21 February 2006. Suggested guidelines are shown at Appendix A.
- 4.4 There would be no change to the eligibility requirements for either hardship or rural rate relief.

List of Appendices

Appendix A – officer guidelines

List of Background Documents: Local Government Finance Act 1988 –as amended
DOE Practice note 1990

List of Consultees: Corporate Team, Leader