



Title: **Discretionary Non-Domestic Rates Reliefs**

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## **1. Introduction**

- 1.1. The Council's policy on discretionary non-domestic rate reliefs has been reviewed and updated for the following reasons –
- a. The policy has not been reviewed for several years
  - b. To take into account changes introduced by the Localism Act 2011
  - c. To take into account measures effective from April 2014 announced by the Government in the Autumn Statement 2013
  - d. To take into account the changes in funding of reliefs under the Business Rates Retention scheme from April 2013
  - e. To consolidate the different types of discretionary relief into one policy
- 1.2. The outcome of the review is that there are very few changes introduced as it has been a successful scheme over the years.
- 1.3. The aim is to make the process as simple and transparent as possible for the applicant to understand and for the Council to administer.
- 1.4. The updated policy is attached at Appendix A

## **2. Recommendations**

- 2.1. Members approve the attached updated policy document for all discretionary non-domestic rate reliefs
- 2.2. Members note that, after review, no changes are required to the discretionary policy for charities and non-profit making organisations

- 2.3. Members agree that delegated authority be given to the Chief Financial Officer in consultation with the Chair of the Policy, Finance and Development Committee for determination of both applications and appeals as set out in the updated policy document
- 2.4. Members agree that all approved recommendations will have immediate effect

### **3. Background**

- 3.1. The council has powers under the Local Government Finance Act 1988 to allow discretionary rate relief in respect of properties occupied by charities and other non-profit making organisations.
- 3.2. Charities (including Community Amateur Sports Clubs) receive 80% mandatory relief from their bills and can apply for up to the remaining 20% as discretionary relief (“top-up relief”).
- 3.3. Other non-profit making organisations can apply for up to 100% discretionary relief (“discretionary only”) from their charges if their main objects are charitable or otherwise philanthropic or religious, concerned with education, social welfare, science, literature or the fine arts, or the they are wholly or mainly established for the purposes of recreation and are a club, society, or other organisation not established for profit.
- 3.4. The council adopted some criteria for organisations to be considered for discretionary relief in 2000. These can be seen in the attached Policy document.
- 3.5. However, it is important to note that, as this is a discretion, each application must be considered on its own merits. A document issued by the Government in 2002 entitled Guidance on Rate Relief for Charities and Other Non-Profit Making Organisations states “It is very important that billing authorities have readily understood guidelines for deciding whether or not to grant relief and for determining the amount of any relief given. However, we would not recommend authorities to adopt a policy or rule, which allows or requires it to dispose of a case without any consideration of the merits of the individual case. The operation of blanket decisions to refuse relief across the board might well be ultra vires and could involve the authority in litigation. That does not preclude it from having a general basis on which it approaches such cases, but where it has one, it is a matter of good practice that applicants or potential applicants for relief are aware of it.”

3.6. Due to the changes in the way discretionary relief is funded with effect from April 2013, and indeed due to the continuing financial restraints on Councils, many local authorities have taken the opportunity to review their policies. Some have taken the decision not to allow such relief to certain classes of organisation e.g., charity shops. However, any review should not be too prescriptive for the reasons stated in the previous paragraph.

3.7. Prior to April 2013, discretionary reliefs were funded as follows –

	Cost funded by Central Government through National Pool	Cost funded by Oadby & Wigston Borough Council General Fund
“Top-up relief” for charities	25%	75%
Discretionary relief only cases	75%	25%

3.8. From April 2013, under the Business Rates Retention Scheme, discretionary reliefs are now funded as follows –

	Cost funded by Central Government(50%) County Council(9%) Fire Authority(1%)	Cost funded by Oadby & Wigston Borough Council General Fund
“Top-up relief” for charities	60%	40%
Discretionary relief only cases	60%	40%

3.9. As an explanation of how this affects OWBC, below is a comparison of the discretionary reliefs which were allowed for the 2013/14 year –

Based on previous funding model (to 31 March 2013) –

	Cost to Central Government	<b>Cost to Oadby &amp; Wigston BC</b>	Total Relief Allowed	Number of cases
“Top-up relief”	£14,207.01	<b>£42,621.02</b>	£56,828.03	33

for charities				
Discretionary relief only cases	£9,677.75	<b>£3,225.91</b>	£12,903.66	4

Revised funding model (from 1 April 2013) –

	Cost to Central Government/County Council/Fire Authority	<b>Cost to Oadby &amp; Wigston BC</b>	Total Relief Allowed	Number of cases
“Top-up relief” for charities	£34,096.82	<b>£22,731.21</b>	£56,828.03	33
Discretionary relief only cases	£7,742.20	<b>£5,161.46</b>	£12,903.66	4

3.10. OWBC’s overall share of the funding for discretionary reliefs has therefore decreased considerably under the new arrangements. The amount for the discretionary only cases has increased but the amount and numbers involved are very small. With regards to the “top-up” cases, the amount has decreased significantly. Shown below is a breakdown of the top-up cases by different categories –

Funding – discretionary top-ups	Cost to Central Government/County Council/Fire Authority	<b>Cost to Oadby &amp; Wigston BC</b>	Total Relief Allowed	Number of cases
Leisure (2 x pools, and Parklands)	£16,645.14	£11,096.76	£27,741.90	3
Charity shops	£12,904.65	£8,603.10	£21,507.75	18
Youth organisation, scouts, guides etc	£900.08	£600.05	£1,500.13	5

Other	£3,646.95	£2,431.30	£6,078.25	7
Totals	£34,096.82	<b>£22,731.21</b>	£56,828.03	33

3.11. Consideration may be given to cancelling or amending some of these reliefs to save a cost to the council. However, a blanket policy to change the relief for certain categories should not be undertaken lightly due to the reasons stated above.

3.12. It is recommended that no changes are made to the way in which these reliefs have been decided for the following reasons –

- Any cancellation of OWBC's share of the cost would also result in the cancellation of the Government/County/Fire's share and pass on ALL of the cost to the charity
- If OWBC cancelled the reliefs to the leisure properties this may result in a claim from the contractors for re-imburement of the full £27,741.90 to cover these costs. Alternatively, the contractors may have to increase fees to customers.
- Charity shops are a contentious issue with some authorities. However, for £8,603.10 the Council can assist all 18 of the charity shops in the borough. With empty shops being a problem on most high streets at present, it may be better to have a charity shop than an empty shop.
- For a cost of £600.05 the Council can ensure that the scout groups, boys and girls clubs in the area do not have to pay rates on their premises. These organisations can assist with anti-social behaviour problems.

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<b>Implications</b>	
Financial (PL)	Implications contained within the body of the report
Risk (PL)	CR1; Decreasing Financial Resources
Equalities (KG)	EIA completed.
Legal (KG)	Policy has been updated following the changes to the way discretionary relief has been funded with effect from April 2014