

**CHILTERN DISTRICT COUNCIL**  
**Cabinet – 10 February 2015**

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*Background Papers, if any, are specified at the end of the Report*

**NON DOMESTIC RATES DISCRETIONARY RATE RELIEF POLICY -  
Briefing Note**

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**RECOMMENDATION**

- 1. The Policy Advisory Group has considered the Policy Guidelines and Advice in Appendix 1 and now recommend it to Cabinet for approval**
- 2. It is recommended to Cabinet that discretionary relief application forms be issued with the annual rate bills in March 2015**
- 3. It is recommended to Cabinet that awards of discretionary relief should be in accordance with delegated authority (item 13)**
- 4. It is recommended to Cabinet that future awards of discretionary relief should be for a maximum period of 3 years at which point they will be reviewed**

**Relationship to Council Objectives**

*Discretionary Rate Relief will help support the voluntary sector, welfare and sporting organisations in providing support, facilities and opportunities for the community*

**Implications**

*This matter is a Key Decision within the Forward Plan.*

**Financial Implications**

*The amount of discretionary rate relief in 2015/16 is estimated to cost in total £165,984, with Chiltern's share of the cost estimated at £66,394.*

**Risk Management Implications**

*A discretionary rate relief scheme should treat each application on its own merits, otherwise there is a risk of challenge that this discretion is fettered, and bound by policy*

**Equalities Implications**

*The discretionary relief scheme will help local organisations, clubs and sporting groups to continue to provide recreational and sporting facilities for the community; support local charitable organisations; and provide support to community facilities including village shops and post offices*

### **Sustainability Implications**

*Without some assistance through the rate relief scheme a number of organisations may find it difficult to continue to operate to the detriment of the local community*

### **Purpose**

1. The purpose of this briefing note is to provide an introduction to Non Domestic Rates Discretionary Rates Relief so that Cabinet is familiar with the current scheme and the options available to the Council.
2. The Policy Advisory Group has discussed the Policy in detail and formulated a protocol for applications for Discretionary Rate Relief to be adopted from 1<sup>st</sup> April 2015. This is set out in Appendix 1, and is submitted to Cabinet for approval prior to adoption.

### **Background**

3. Non Domestic Rates (NDR) or Business Rates are collected by local authorities from those who occupy non domestic properties as their contribution to local services. Under the business rates retention arrangements, introduced from 1 April 2013, a proportion of the business rates paid is kept by the Council.
4. Under the Local Government Finance Act, some organisations receive mandatory rate relief of 80%. Until 31 March 2013 the cost of this relief was met in full by the Government by offsetting against the authority's contributions into the non domestic rating pool. However with effect from 1 April 2013 under the arrangements for local business rates retention the cost of all reliefs, other than transition is split between the Government (50%) the billing authority (40%) and major precepting authorities (10%). These organisations include:
  - Registered charities;
  - Registered community amateur sports clubs (CASCs)
  - Rural properties where it is in a qualifying rural settlement and is a qualifying foods shop, general store, Post Office, sole public house or sole petrol station
5. In addition, the Local Government Finance Act 1988 and the Localism Act 2011 require the Council to maintain a discretionary rate relief scheme in order to have the option to award business rate relief of up to 100% to certain

organisations. In cases where an organisation is already in receipt of mandatory relief any additional discretionary relief is referred to as top up relief.

6. The Council can award discretionary relief to:
  - **Non-profit making organisations** – the Council has discretion to grant standard discretionary rate relief of between 0-100% of the business rates due;
  - **Businesses to which the Council considers it wishes to grant relief** – the primary reason would be to encourage regeneration in the district.
7. In addition to these reliefs the Government have also introduced a number of new reliefs which are applicable for a temporary period and awarded under the Councils discretionary powers. These include:
  - Retail relief - £1000 to qualifying properties; (£1,500 from April 2015)
  - Flood relief
  - Small Business rate relief
8. These reliefs are awarded within guidelines issued by the Department of Communities and Local Government and the cost is reimbursed in full under s31 of the Local Government Act 2003.
9. The Council also has the power to reduce or remit the business rates charged in certain circumstances where the applicant organisation is enduring temporary financial difficulties. This is known as Discretionary Hardship Relief and may be awarded where the Council is satisfied that:
  - The ratepayer would sustain financial hardship if the Council did not do so; and
  - It is in the interests of the Council taxpayers to do so.

#### **Cost of Discretionary Rate Relief**

10. In those cases where relief is awarded and is not covered specifically by Government grant, then the cost is met by both central government and local government, as follows:

50%	Central Government
40%	Chiltern District Council
9%	Buckinghamshire County Council
1%	Buckinghamshire & Milton Keynes Fire Authority

#### **Current Position at Chiltern District Council**

11. Guidance states that authorities may adopt rules for the consideration of discretionary relief applications but they should not adopt a blanket policy to give or not give relief. Each case should be considered on its own merits and the application process kept as simple as possible.
12. In general, discretionary rate relief is not awarded for national charities and only for local charities. Discretionary rate relief is awarded to local sports clubs even where they have not been granted CASC status and so are not in receipt of the mandatory award. Discretionary rural rate relief is awarded if considered appropriate.
13. Currently decisions on awarding discretionary rate relief are made by the Cabinet Member responsible for Customer Services, but the PAG recommends that this be amended to the following:

Up to £2,500	Head of Customer Services
£2,500 - £5,000	Portfolio Holder and Head of Service
Over £5,000	Cabinet

14. When an award of a discretionary rate relief is awarded it is currently granted indefinitely and a number of organisations have been in receipt for a long period of time. In order to review an award of discretionary rates relief the legislation requires that a full financial year's notice is given. This notice was given to all recipients along with their annual bill for 2014/15 and so we are now in a position to review all awards with effect from the 1<sup>st</sup> April 2015.
15. Our current awards breakdown is as follows:

Type of Award	Number of Awards	Cost of Awards				Total Amount
		Central Gov	Chiltern DC	Bucks CC	Fire	
Charity top up 20%	38	£53747.61	£42998.10	£9674.57	£1074.95	£107495.23
CASC top up 20%	5	£2423.26	£1938.60	£436.19	£48.46	£4846.51
Sports Clubs/Facilities 75%	19	£17433.07	£13946.46	£3137.95	£348.66	£34866.14
Rural relief top up 50%	7	£3645.99	£2916.79	£656.28	£72.92	£7291.98
Other	4	£4115.37	£3292.29	£740.76	£82.31	£8230.73
		<b>£81365.30</b>	<b>£65092.24</b>	<b>£14645.75</b>	<b>£1627.30</b>	<b>£162730.59</b>

**Future applications and timescale**

16. Subject to Cabinet approval the annual rate bills issued in March 2015 to Charities, Sports Clubs and any other organisation or premises that previously received discretionary rate relief will include an application form and explanation regarding discretionary relief to allow them to reapply.
17. Any future award of discretionary relief will be in accordance with the Policy set out in Appendix 1, delegated levels of approval shown above, and for a maximum period of 3 years at which it would be reviewed as recommended by the Customer Services Policy Advisory Group on 26 November 2014