

Summary Sheet

Council Report

Cabinet and Commissioners' Decision Making Meeting – 11 July 2016

Title

New Applications for Discretionary Rate Relief

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services

Report Author(s)

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Ward(s) Affected

All

Summary

To consider the applications made by two registered charitable organisations, Crisis UK and The British Red Cross Society, for the award of a discretionary business rate relief for the premises listed in the report in accordance with the Council's Discretionary Business Rates Relief Policy (approved 24th April 2013).

Recommendations

Cabinet is asked to agree the recommendation to refuse discretionary business rate relief to Crisis UK and British Red Cross Society for the premises listed in this report and in accordance with the details set out in Section 7 to this report.

List of Appendices Included

None

Background Papers

Application forms and supporting documentation have been provided by the applicants

Discretionary Rate Relief Policy - Approved 24th April, 2013

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Applications have been discussed with the relevant Cabinet Member and the Member is supportive of the rate relief applications being refused.

Council Approval Required

Cabinet approval

Exempt from the Press and Public

No

New Applications for Discretionary Rate Relief

1. Recommendation

- 1.1 Cabinet is asked to agree the recommendation to refuse discretionary business rates relief to Crisis UK and The British Red Cross Society for the premises listed in this report and in accordance with the details set out in Section 7 to this report.

2. Background

- 2.1 Section 47 of the Local government Finance Act 1988 conveys power on local authorities to allow discretionary relief that would be additional to the mandatory relief. This is given when the property is used wholly or mainly for charitable purposes by a charity or other non-profit body whose main objects are charitable or benevolent or concerned with education, social welfare, science, literature or the arts.
- 2.2 The Council can grant Discretionary Rate Relief to:-
- Registered Charitable Organisations, including Community Amateur Sports Clubs. The relief granted is up to 20% of the rate liability as these organisations are eligible for 80% mandatory rate relief.
 - Other organisations or institutions that are not established or conducted for profit and whose aims are charitable or otherwise philanthropic, religious, concerned with education, social welfare, science, literature or fine arts. Relief can be granted up to 100% of rate liability.
 - Properties occupied by not for profit sports or social clubs, societies or other organisations for the purposes of recreation. Relief can be granted up to 100% of rate liability.
 - Rate relief to ratepayers - Section 47 of the LGFA 1988b was amended by Section 69 of the Localism Act 2011. This amendment gives the Council the discretion to grant relief to any other body, organisation or ratepayer, having due regard to its Council Tax payers.
- 2.2.1 Rotherham has operated a system of awarding relief through an application of a policy that was approved by the former Cabinet on 24th April 2013.
- 2.2.2 The funding for Discretionary Rate Relief was, until the introduction of the Government's Business Rates Retention Scheme (April 2014), shared with Central Government through the National Non-Domestic Rate Pool. Local authorities were reimbursed with 25% of the cost of discretionary rate relief granted to charities and Community Amateur sports Clubs, and 75% of the cost of relief granted to other bodies. Now

with the localisation of business rates, Central Government and Councils share every £1 of rates due on a 50/50 basis as follows:

Central Government	50%
South Yorkshire Fire and Rescue Authority	1%
Rotherham MBC	49%

2.3 **Application 1: Crisis UK**

2.3.1 Crisis UK is a registered national homelessness charity. The organisation is applying for relief on their new staff offices based at Ground and First Floor, Unit 3a, Concept Court, Manvers Way, Wath Upon Dearne, S63 5BD which will provide a central administrative base, IT access and meeting room facilities which will support the delivery of its services across the country.

2.3.2 Crisis UK's application for the award of Discretionary Rates relief does not meet the Council's qualifying criteria as set out in its Policy in particular, the Charity does not require financial assistance - the charity has a net worth of £16.3 million based on its latest accounts of which £14.9 million is held in unrestricted funds. The charity is performing well financially and according to its management reporting its financial performance is exceeding its own expectations as set out in its 5 year strategic plan. No special circumstances relating to this application have been identified which would justify a departure from the Policy.

2.3.3 The Charity is applying for discretionary rate relief backdated to 16th March 2016 for the financial year ended 31st March 2016 and with regard to its 2016/17 ongoing rates liability. The financial implication to the Council of awarding the rate relief is set out in Section 7 of this report.

2.4 **Application 2: The British Red Cross Society**

2.4.1 The British Red Cross Society is a registered charity that operates nationally and overseas. The organisation provides humanitarian aid and support to people in crisis and is applying for relief on two properties within Rotherham.

- Unit 9a, Brookfield Light, Brookfields Way, Wath Upon Dearne, S63 5DL - the organisation supplies mobility aids from these premises to support people living independent lives.
- Unit 3, Silverwood Court, Farfield Park, Wath Upon Dearne, S63 5DB – the organisation use this property for storage of vehicles and equipment.

2.4.2 The British Red Cross Society's application for the award of Discretionary Rates relief does not meet the Council's qualifying criteria as set out in its Policy, in particular the Charity does not require financial assistance. As at 31 December 2015, the charity had a total net worth of £150.4 million of which £104.7 million was held in unrestricted funds. The Charity has improved its financial health over recent years and now has reported reserves of £40.1 million, which exceeds their own expectations. Equally, the Charities Board of Trustees has reported that the Charity has sufficient resources to manage any operational or financial issues. No special circumstances relating to this application have been identified which would justify a departure from the Policy.

2.4.3 The Charity is applying for an award of discretionary rate relief for the 2016/17 rates liability. The financial implication to the Council of awarding the rate relief is set out in Section 7 of this report.

3. Key Issues

3.1 To consider the applications requesting the award of Discretionary Rate relief with regard to Crisis UK and The British Red Cross Society.

4. Options considered and recommended proposal

4.1 Given the discretionary nature of the relief requested, the Council has the discretion to either award or not award a discretionary rate relief.

4.2 In helping Members make such a decision, the Council has put in place a specific Policy framework to consider individual applications. In accordance with that Policy, both applications (including supporting documentation) for relief have been considered in line with the qualifying criteria and other considerations set out in that Policy.

4.3 Having considered the financial position of both organisations, it is apparent that they do not require financial assistance. Any relief awarded would not be in the best interest of Council Tax Payers. It is therefore recommended that both organisations are refused such relief.

5. Consultation

5.1 The applications have been considered by the relevant Cabinet Member and that Member is supportive of the refusal of relief.

6. Timetable and Accountability for Implementing this Decision

6.1 The applicants will be advised by letter on the outcome of their application for relief within 10 working days of the Cabinet decision.

7. Financial and Procurement Implications

7.1 The total potential cost of granting the relief for both 2015/16 financial year and 2016/17 is set out below in the table at paragraph 7.2 alongside the specific cost to the Council.

7.2 Organisation	Year	Amount of Relief	Cost to RMBC
Crisis UK	15/16	£ 105.60	£ 51.74
	16/17	£ 2,453.30	£ 1,193.30
British Red Cross	16/17	£ 2,460.15	£ 1,205.47
Cost to RMBC	15/16		£ 51.74
	16/17		£ 2,398.77

8. Legal Implications

8.1 The statutory framework for discretionary rate relief is set out in the body of the report.

9. Human Resources Implications

9.1 No direct implications from this report

10. Implications for Children and Young People and Vulnerable Adults

10.1 No direct implications from this report

11. Equalities and Human Rights Implications

11.1 No direct implications from this report

12. Implications for Partners and Other Directorates

12.1 No direct implications from this report

13. Risks and Mitigation

13.1 The Government has issued guidance notes to advise Authorities what criteria should be used in considering applications for Discretionary Rate Relief. Authorities have been strongly advised to treat each individual case on its own merits and do not adopt a policy or rule which allows them to not consider each case without proper consideration. In cognisance of these guidance notes, the Council has formally adopted a Policy framework for considering individual discretionary rate relief applications with the decision to award reserved for Cabinet.

14. Accountable Officer(s)

Approvals Obtained from:-

Stuart Booth, Assistant Director, Finance

Dermot Pearson, Assistant Director, Legal Services

Head of Procurement - Not Applicable

Rachel Humphries, Operational Manager, Local Taxation

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