

Report to	Cabinet	Item
	25 June 2014	
Report of	Executive head of business relationship management	9
Subject	Business rates discretionary rate relief for charitable and 'not for profit' organisations policy	

KEY DECISION

Purpose

To consider the implementation of the business rates discretionary rate relief for charitable and 'not for profit' organisations policy

Recommendation

To approve the business rates discretionary rate relief for charitable and 'not for profit' organisations policy

Corporate priorities

The report helps to meet the corporate priority 'A prosperous city'.

Financial implications

There are no direct financial implications arising from this report as there is adequate budget in place for 2014/15.

Ward/s: All wards

Cabinet member: Councillor Waters- deputy leader and resources

Contact officers

Anton Bull - executive head for business relationship management	01603 212326
Tracy Woods - business relationship manager	01603 212140

Background documents

None

Report

1. The council is required to grant mandatory business rate relief where the ratepayer is a charity or trustees for a charity and the property is being wholly or mainly used for charitable purposes. This relief is 80% of the rates liability.
2. The council also has discretionary powers to award business rate relief to charities and not for profit organisations.
3. This report seeks approval for the draft policy for awards of discretionary relief in these circumstances.
4. This policy enables the council to demonstrate that it is consistent and transparent in its approach, giving due consideration to the interests of local council taxpayers, but sufficiently flexible to consider individual circumstances.
5. In exercising a discretionary power the council is required to act in a reasonable manner and a decision under these powers may be challenged under a judicial review. This policy will help in minimising the risk of a decision found to be unreasonable in these circumstances however the policy does build in a review process for dissatisfied ratepayers.
6. The draft Norwich city council policy is at appendix A

7. State Aid

- a) The European Union regulates state aided funding. Support to businesses and providing discretionary rate relief is likely to amount to state aid.
 - b) The EU law on State Aid has a 'de minimis' value of €200,000 within a current financial year or the previous two financial years
 - c) Rate payers will be required, when making an application for either relief, to complete a 'de minimis' declaration.
8. Administration and publication of these reliefs will be undertaken by LGSS. Ratepayers will be required to complete an application form in each case.
 9. Claims will be determined by the executive head of business relationship management, taking into consideration the guidance and policy.
 10. Reviews will be undertaken by the section151 officer

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	25 June 2014
Head of service:	Anton Bull
Report subject:	Business rates discretionary rate relief for charitable and 'not for profit' organisations policy
Date assessed:	7 April 2014
Description:	Approval of the implementation of the business rates discretionary rate relief for charitable and 'not for profit' organisations policy

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Relief assists business to remain profitable and in business
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Relief assists business to remain profitable and in business
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If businesses are assisted to remain in business reduces possibility of empty business premises
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment

Positive

Negative

Neutral

Issues



NORWICH
City Council

Norwich City Council Business Rates Discretionary Rate Relief For Charitable and 'Not For Profit' Organisations Policy

Version 1.0 9 June 2014

Norwich City Council business rates discretionary rate relief for charitable and 'not for profit' organisations policy

Introduction

The Local Government Finance Act 1988, as amended, gives the council mandatory powers to award rate relief.

- (i) Section 43 of the Local Government Finance Act 1988 relates to mandatory rate relief where the ratepayer is a charity or trustees for a charity and the property is being wholly or mainly used for charitable purposes. Section 43(6) as amended by section 64 of the Local Government Act 2003 allows registered community amateur sports clubs to be treated as charities. This relief is 80% of the rates liability.

The Local Government Finance Act 1988, as amended, also gives the council discretionary powers to award rate relief in certain circumstances. This policy relates to the exercise of these discretionary powers in accordance with

- (ii) Section 47 of the Local Government Finance Act 1988 which allows the council to award discretionary rate relief to charities and 'not for profit' bodies.

Norwich City Council has the power to either 'top up' with discretionary relief if mandatory relief has been awarded, up to max of 20%, or award up to a max of 100% if mandatory relief is not applicable.

This policy enables the council to demonstrate that it is consistent in its approach but sufficiently flexible to consider individual circumstances

Empty properties

This policy only refers to occupied premises. From 1 April 2008 the new Section 45A of the Local Government Finance Act 1988 exempted charities from empty rates under the zero rating provisions provided that the ratepayer is a charity or trustees for a charity and the property when next in use will be used wholly or mainly for charitable purposes.

Charity Shops

Under section 64 (10) Local Government Finance Act 1988 Charity shops will only be treated as being used wholly or mainly for charitable purposes if it is solely and mainly used for the sale of goods donated and the proceeds are applied for the purposes of the charity.

The policy

1. General principles

1.1. Applications

The council shall publicise these reliefs on literature it sends to ratepayers and on the council's website.

Ratepayers shall be required to make a claim for the relief, in respect of each property, by completing a claim form and a 'de minimis' declaration.

The council shall request supporting evidence it considers necessary to assess the merits of the application. Ratepayers should, as part of the application, state how they believe the council tax payers of Norwich would benefit if discretionary relief were to be granted.

State Aid

European Union competition rules prohibit government subsidies to businesses. This means that where an organisation (regardless of type) is engaged in commercial activities which put them in direct competition with other organisations, they cannot be given the advantage of favourable treatment by being selected for financial aid by a local authority. Discretionary rate relief is included in this definition, as are grants and loans.

There are a limited number of exceptions, the most relevant in respect of this relief will be the 'de minimis' rules, which is up to €200,000 over a period of three years.

1.2. Decisions and reviews

Each application will be decided on its individual merits however in determining relief Norwich will take into consideration

- This policy,
- Relevant legislation and guidance documents
- The interests of the council tax payers
- If the organisation mainly serves the residents of Norwich
- The impact of granting a relief if it was to go against the authority's wider objectives for the local area
- Other reliefs / grants awarded to the ratepayer
- If the organisation can meet the costs of rates in the absence of rate relief
- How the activities of the business contribute to the corporate plan priorities
 - Safe and clean city
 - Prosperous city
 - Decent housing for all
 - City of character and culture
 - Value for money services

Those considerations exclusive to Community Amateur Sports Clubs

- If the organisation has charges in place that these are at a reasonable level and offer concessionary rates to low-income residents
- Is the membership open to all sections of the community?
- Does the organisation actively encourage membership from particular groups in the community?
- Are the facilities made available to people other than members e.g schools, casual public sessions
- If the organisation is providing a service which supplements or replaces a service that Norwich City Council or any other local authority will normally provide

Claims will be determined by the executive head of business relationship management.

The council will aim to make a decision within 4 weeks of receiving the application with all supporting evidence.

Asking for a review

Any ratepayer may make a request for a review only where there

- is additional information not available at the time of the original decision or
- are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken

A request for a review should be made in writing to the council within 4 weeks of notification of the original decision supplying the additional supporting information.

Reviews will be considered by the Council's s151 officer

1.3. Requirements to make payment of amounts falling due

Ratepayers must continue to pay any amount of rates that fall due whilst an application is pending. In the event that payments are not received as due the Council may continue with its normal enforcement procedures

1.4. Awards for retrospective periods

Applications for backdating will only be considered where

- The ratepayer can demonstrate good reason for not submitting their application earlier and
- The council can verify that the circumstances giving rise to the application were in existence during the period claimed
- Back dated applications must be received by 31 August after the end of the financial year it relates to

Norwich City council must make a decision to award discretionary rate relief by 30 September after the end of the financial year it relates to, otherwise it will be an invalid decision as per the legislation.

2. Discretionary rate relief

2.1. Which properties will benefit from the relief?

- a. Those occupied by a charity or trustees or trustees of a charity

Or

- b. Those occupied in whole or part by organisations not established for profit and whose main objectives are
 - I. Charitable or
 - II. Otherwise philanthropic or
 - III. Religious or
 - IV. Concerned with education, social welfare, science, literature or fine art

Or

- c. Those wholly or mainly used for recreation and all or part is occupied by a club, society or other not established for profit

There are exceptions for b and c if the property is occupied by a billing authority or precepting authority, further guidance should be sort from Norwich City Council in these circumstances.

2.2. Length of award

- Discretionary Rate Relief will be awarded for up to three years financial years
- Except if a ratepayer is a

- Community association or
 - Scout or guide association

These awards shall be for a period up to five financial years.

- There is a duty on the ratepayer to advise the Council of any changes of circumstances that they consider will affect their entitlement to relief. Removal of the relief will be backdated to the date of the relevant change in circumstances.

2.3. Financial impact to Norwich City Council

The cost of any relief granted under s47 is borne in relation to the business rates retention ratio. That is 50% from central government, 40% from Norwich City Council and 10% from Norfolk County Council.

3. Future amendments to this policy

Where minor amendments need to be made to ensure the continued effectiveness of this policy such amendments will be made after consultation with the deputy leader and resources portfolio holder.