



COUNCILLOR PHIL DAVIES

CABINET
20 FEBRUARY 2017
NATIONAL NON-DOMESTIC RATES
DISCRETIONARY RATE RELIEF
SCHEME 2017/18

Councillor Phil Davies, Leader of the Council, said:

“The Council is required to have a Scheme in place which details the support available to businesses and charities in the form of Discretionary Rate Relief. This report provides this Scheme to Cabinet.”

REPORT SUMMARY

This report seeks approval of the Council’s National Non Domestic Rates Discretionary Rate Relief Scheme to be effective from 1 April 2017.

This is a key decision and affects all wards within the borough.

RECOMMENDATION

That the Discretionary Rate Relief Scheme (Appendix 1) to this report be approved as the Council Policy for 2017/18 onwards.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 The Council must have in place an agreed National Non Domestic Rates Discretionary Rate Relief Scheme prior to the start of the 2017/18 financial year.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Whilst the Council must have a Scheme there are a range of options as regards the level of assistance and the range of organisations to which support is offered.

3.0 BACKGROUND INFORMATION

- 3.1 National Non Domestic Rates or Business Rates is charged on all non-domestic properties and as a national scheme has been in place since 1990. Alongside the billing of properties there are a number of reliefs and exemptions available to help meet liability. These may be part of the national scheme or via local discretion which each local authority decides upon.
- 3.2 One area of relief is reducing rates liability (potentially up to full charge) of properties occupied by charities, voluntary organisations or sports and social clubs. This is split into two types Mandatory and Discretionary Relief. The Council supports clubs and organisations by reducing their rates liability and this is funded in part by Central Government and part by the local authority.
- 3.3 Mandatory Rate Relief is paid to charities and registered Community Amateur Sports Clubs (CASC's) at the rate of 80%. The costs of all reliefs under the 100% retention will overwhelmingly fall on the Council although some compensation will be provided from a separate 'top-up' grant. Not for profit organisations, including Community Interest Companies (CIC) that are not registered as charities can apply for Discretionary Rate Relief.
- 3.4 Section 47 of the Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme. The Council must have a Policy but the scale is discretionary and can be limited by appropriate factors as to what the Council wishes to support.
- 3.5 The legislation states the discretionary relief qualifying conditions must be one or more of the following:
- (a) the ratepayer is a charity or trustees for a charity and the property is wholly or mainly used for charitable purposes, whether that or other charities;

- (b) the property is not an excepted property and all or part of it is occupied for the purposes of one or more institutions or organisations, none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts;
- (c) the property is not an excepted property, it is wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

An excepted property is a property occupied by the Charging or Precepting authority as relief cannot be awarded in effect to itself. An exception to this is Council owned Public Toilets, with effect from 1 April 2017.

- 3.6 The Council retains the discretion to award any amount up to 100%, less any Mandatory Relief granted. The Scheme proposed in Appendix 1 looks to acknowledge the valuable role that voluntary organisations play in the life of Wirral residents.
- 3.7 In order to ensure the effective administration the current Discretionary Scheme has general principles agreed on eligibility and thereafter each case is decided on its own merits by the Revenues Senior Manager apart from cases that within the Policy are due to be decided by Members.
- 3.8 Government has announced national changes to the thresholds for payment of Business Rates applicable from 1 April 2017 which will remove the rating liability from a number of organisations currently receiving relief. Compensation will be paid to local authorities for lost income via Government Section 31 Grant. Work will be required to ensure properties meet the eligibility for the threshold exemption but it is estimated the threshold change will see numbers will drop by approximately 90 properties. As a result 365 properties will be supported with 77 properties receiving 80% Mandatory Relief only, 279 receiving 80% Mandatory and 20% Discretionary Relief and 9 receive 100% Discretionary Rate Relief.
- 3.9 All organisations were advised that current Scheme ends on 31 March 2017 and that the criteria will be reviewed. Since then the Government have announced further changes to Business Rates and proceeded with the national revaluation of business properties on the ratings list which will become effective from 1 April 2017. There are also changes arising from the 100% retention of Business Rates by 2020. Whilst the Wirral Plan has been agreed by the Council and local partners further work is being undertaken in relation to the Growth and Leisure Strategies which link into the Transformation Programme. It is therefore beneficial to postpone any fundamental review of the Discretionary Rate Relief Scheme until these pieces of work have been completed.

3.10 The Medium Term Financial Strategy and Council Budget 2017/18 report to Cabinet on 8 December 2016 contained a proposal to reduce the Discretionary Rate Relief Budget by £300,000. The recent increase in the small businesses rateable relief thresholds to £12,000 rateable value announced by the Government mean that a number of businesses will no longer be required to pay Business Rates and will not require Relief. The Government will compensate local authorities for this change which equate to £50,000 per annum. A contribution of £100,000 towards the Relief awarded to schools has been made in past years and this contribution can be continued for another year providing another element of funding. Therefore £150,000 of the proposed saving can be delivered in 2017/18. Proposals for any sums above this figure will now follow the completion of the reviews referred to in Section 3.9.

3.11 For 2017/18 it is therefore recommended that the 2016/17 scheme, with minor amendments to accommodate legislative changes as shown in Appendix 1 be retained.

4.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

4.1 There are none as the minor amendments will not make anyone financially worse off and the proposal is to retain the current scheme for 2017/18.

5.0 FINANCIAL IMPLICATIONS

5.1 With the changes to Business Rates introduced by the Government the costs of Discretionary Rate Relief are met through the Collection Fund. From April 2017 99% of the costs will fall on the Council and 1% on Merseyside Fire and rescue Service. Whilst subject to confirmation of the impact of the Rateable Value change and the 2017 Revaluation the forecast net spend in 2017/18 is £550,000.

6.0 LEGAL IMPLICATIONS

6.1 Section 47 of the Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme. The required notice was supplied to recipients cancelling the existing Scheme and advising a replacement was being considered. The new Scheme needs to be in place prior to 28 February 2017 to allow for successful billing for 2017/18.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

7.1 There are no ICT, staffing or asset implications arising from this report.

8.0 RELEVANT RISKS

- 8.1 If a decision is not made to adopt this Scheme the Council would not have a Discretionary Rate Relief Scheme in place from 1 April 2017 and all previous recipients would not be awarded any Discretionary Rate Relief.

9.0 ENGAGEMENT/CONSULTATION

- 9.1 The required notice was supplied to recipients cancelling the existing Scheme and advising a replacement was being considered.

10.0 EQUALITY IMPLICATIONS

- 10.1 The Equality Impact Assessment link for National Non Domestic Rates Relief is shown;
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversitycohesion/equality-impact-assessments/eias-2010/finance>

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APPENDICES

Appendix 1 – Discretionary Rate Relief Scheme 2017/18

REFERENCE MATERIAL

Local Government Finance Act 1988
NNDR (Discretionary Relief) Regulations 1989
NNDR (Discretionary Relief) Regulations 1992

SUBJECT HISTORY

Council Meeting	Date
Policy & Resources	24 January 1999
Cabinet (minute 165)	13 March 2014
Cabinet (minute 197)	19 June 2014
Council (minute 112)	24 February 2015
Cabinet (minute 16)	29 June 2015
Cabinet (minute 100)	22 February 2016

NATIONAL NON-DOMESTIC RATES

DISCRETIONARY RATE RELIEF SCHEME 2017/18

1. AWARD

- 1.1 Whereby Mandatory Relief, at 80%, is payable to an organisation the Council may top-up that award with Discretionary Relief of 20% after careful consideration of below.
- 1.2. Where the organisation qualifies for Discretionary Relief utilising the following criteria the maximum (full relief) award under this policy will be 100% of the Business Rates payable after careful consideration of below.

2. ACCESS

- 2.1 Is membership open to all sections of the community? There may be legitimate restrictions placed on membership which relate for example to ability in a sport or the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited. Clubs or organisations should not be considered if they have membership rates set at such a high level as to exclude the general community. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.
- 2.2 Does the organisation actively encourage membership from particular groups in the community e.g. young people, women, older age groups, persons with disability, ethnic minorities, etc.? An organisation which encouraged such membership might expect more sympathetic consideration than one which made no effort to attract members from groups which the Authority considered to be particularly deserving of support.
- 2.3 Are the facilities made available to people other than members, e.g. schools, casual public sessions etc.? The wider use of facilities should be encouraged and rate relief might be one form of recognition that an organisation was promoting its facilities more widely.

3. PROVISION OF FACILITIES

- 3.1 Does the organisation provide training or education for its members? Are there schemes for particular groups to develop their skills e.g. young people, the disabled, retired people? An organisation providing such facilities might deserve more support than one which did not.
- 3.2 Have the facilities available been provided by self-help or grant aid? The fact that a club uses or has used self-help for construction or maintenance or had facilities funded by grant aid might be an indicator.

- 3.3 Does the organisation run a bar? The mere existence of a bar should not in itself be a reason for not granting relief. The Authority should look at the main purpose of the organisation. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A social club whose main aim is to bring together people with similar interests should not be excluded from relief just because of the existence of a licensed bar.
- 3.4 Does the organisation provide facilities which indirectly relieve the Authority of the need to do so, or enhance and supplement those which it does provide? Authorities should not refuse relief on the grounds that an organisation is in competition with the Authority itself, but should look at the broader context of needs of the community as a whole. A new need, not being provided by the Authority itself but identified as a priority for action, might be particularly deserving of support.

4. OTHER CONSIDERATIONS

- 4.1 Is the organisation affiliated to local or national organisations e.g. local sports or arts councils, national representative bodies, i.e. are they actively involved in local/national development of their interests?
- 4.2 If the organisation is a sporting club and its main activities are a recognised eligible sport the club will be encouraged to register with the Inland Revenue as a Community Amateur Sports Club (CASC).
- 4.3 Is the membership drawn from people mainly resident in the charging authority's area? Although authorities will have in mind that 25% of the cost of any relief given will be borne by the Council Taxpayers in their area, particular difficulties may arise with hereditaments which straddle local authorities boundaries and which under Regulation 6 of the Non-Domestic Rating (Miscellaneous Provisions) Regulations 1989 (S.I. 1989 No. 1060) will now fall to be shown in one list. In these cases and in those where hereditaments are situated close to an authority's boundary, a proportion of the membership may come from another charging authority area. Also for geographical reasons, or because of the nature of the terrain, particular facilities may be the only ones available for a wide area. In such cases the joint use of facilities by one or more similar organisations is not uncommon. In most cases there will be a measure of reciprocity between the memberships of organisations from different areas.
- 4.4 Authorities may wish to add further criteria or substitute relevant alternative criteria, which are appropriate to the furthering of their policies and the needs of the community such as development programmes. They should also bear in mind the need to encourage new activities in the wide range of organisations for which relief from rates is available.

- 4.5 The manner in which charities or organisations are funded should also be considered. In cases of full or substantial funding from central government; either directly or through an agency, council or similar body, which is funded or established by central government, consideration should be given to the merit of awarding relief.
- 4.6 Are members paid to participate? The Authority may wish to consider whether to award relief where payments or other significant benefits are provided to players. Exceptions may be the reimbursement of reasonable travel expenses or reasonable provision and maintenance of club owned equipment. The Authority may look favourably on clubs whose paid players contribute more to the club than just playing e.g. by coaching younger members.
- 4.7 The Authority may wish to consider the extent to which the organisation's activities contribute to local community strategies or authority objectives for developing neighbourhood identity, community building or social inclusion.
- 4.8 Housing Associations, universities, further education colleges and independent schools are specifically excluded from receiving discretionary rate relief as per Cabinet decision dated 10 January 2008.
- 4.9 All future discretionary rate relief applications in respect of properties with a rateable value of less than £12,000 are accompanied by a Small Business Rate Relief (SBRR) application to encourage SBRR take up, which is 100% up to RV £12,000 and to continue to reduce the reliance on the Discretionary Rate Relief budget. This will continue until this relief is ended by Central Government.
- 4.10 With effect from 1 April 2014, Community Interest Companies and social welfare organisations that occupy properties with rateable values under £7,000 be entitled to maximum level of discretionary rate relief and those occupying properties of £7,000 or more be considered by Members, on a case by case basis.