

# Cabinet (Resources) Panel

## 7 February 2017

<b>Report title</b>	Discretionary Rate Relief – extension to the local scheme for charitable and voluntary organisations	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Mark Taylor, Director of Finance	
<b>Originating service</b>	Revenues and Benefits	
<b>Accountable employee(s)</b>	Sue Martin Tel Email	Head of Revenues and Benefits 01902 554772 Sue.martin@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	None	

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### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the extension of the scheme for discretionary rate relief for charitable and voluntary organisations for 2017/18.

## **1.0 Purpose**

- 1.1 To seek approval to extend the discretionary rate relief scheme (charitable and voluntary organisations) for 2017/18.

## **2.0 Background**

- 2.1 Discretionary rate relief is granted under Section 47 of the Local Government Act 1988.
- 2.2 The local scheme consists of different categories of relief based on government guidance.
- 2.3 The existing scheme relating to charities and voluntary organisations was approved on 8 March 2016 and expires 31 March 2017 (see Appendix 1).

## **3.0 Local scheme for discretionary relief (charitable and voluntary organisations)**

- 3.1 The existing scheme relating to charitable and voluntary organisations was last revised and updated by Cabinet (Resources) Panel on 26 June 2013 and is approved annually for the following financial year.
- 3.2 This category of relief provides either up to 20% of liability for registered charities (to top-up mandatory relief) or up to 100% of liability in the case of organisations that are not established or conducted for profit.
- 3.3 Relief for existing recipients is reviewed annually and awarded for the forthcoming financial year subject to there being no change in circumstances. Each organisation is required to certify that they continue to fulfil the conditions for relief to be granted.
- 3.4 The policy is based on government guidance and sets out clear eligibility criteria against which applications are assessed. Authority to approve awards is delegated to the Cabinet Member for Resources in consultation with the Head of Revenues and Benefits.
- 3.5 This report does not contain any proposal to revise eligibility under the scheme. It is recommended that approval be given to continue the scheme for 2017/18.
- 3.6 All organisations receiving an award will be given notice that the relief will end on 31 March 2018 and they will be notified of any new scheme developed to take effect from 1 April 2018.

## **4.0 Financial implications**

- 4.1 From April 2013, with the localisation of business rates, all mandatory and discretionary reliefs are shared as a cost between central government (50%), the Council (49%) and the Fire Authority (1%). The Council collects business rates and receives an amount from the Collection Fund which is 49% of the net income after appeals and other losses incorporating an adjustment for mandatory and discretionary reliefs. Under this scheme it is estimated that the cost to the Council as a result of discretionary (charitable and voluntary organisations) relief in 2017/18 would be approximately £300,000.

4.2 However, in October 2016, Cabinet approved that the City of Wolverhampton Council, as one of the Constituent Members of the West Midlands Combined Authority, will participate in a business rates retention pilot from April 2017, on a no financial detriment basis. As a result of entering into this pilot, the Council will: retain 99% of business rates, no longer receive Revenue Support Grant and receive a Top Up Grant adjustment to account for the net effect of the changes. Therefore under the 99% business rate retention scheme, the cost to the Council of awarding discretionary (charitable and voluntary organisations) relief in 2017/18 will be in the region of £600,000 - £610,000. [MH/27012017/D]

## **5.0 Legal implications**

5.1 Section 47 of the Local Government Finance Act 1988 gives discretionary power to billing authorities to grant partial or full relief to certain categories of non-domestic ratepayer. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 allow for this relief to be restricted to a fixed period.

5.2 It will be for the Council to ensure that any relief granted does not transgress state aid rules. [TS/24012017/A]

## **6.0 Equalities implications**

6.1 A full equality analysis has been completed which indicates that the Council's approach allows it to foster good relations and advance equal opportunities.

## **7.0 Environmental implications**

7.1 There are no environmental implications.

## **8.0 Human resources implications**

8.1 There are no human resources implications.

## **9.0 Corporate landlord implications**

9.1 There are no corporate landlord implications.

## **10.0 Schedule of background papers**

10.1 See 100% Business Rates Retention Pilot report at:  
<http://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=6448>

## City of Wolverhampton Council

### Scheme for Discretionary Rate Relief for Charitable and Voluntary Organisations

1. The following criteria are taken into account when considering applications for discretionary rate relief and each application will be treated on its merits. The criteria set out below are consistent with recommendations of the Department for Communities and Local Government and local authority associations.
  - 1.1. The organisation should ensure that membership is open to all sections of the community and membership rates/subscriptions should not be set at such a high level as to exclude the general community. The club should, if required, be able to demonstrate the criteria by which applications for membership are consistent with the principle of 'open membership' and in accordance with equal opportunities policies.
  - 1.2. Sympathetic consideration will be given to applications from groups who actively encourage membership from particularly disadvantaged groups in the community, e.g. young people or the disabled, elderly people and ethnic minorities.
  - 1.3. Sympathetic consideration will be given to organisations who make their facilities available to people other than members e.g. schools.
  - 1.4. Whether the organisation provide training for its members, particularly the young.
  - 1.5. Have the facilities available been provided by self-help or grants from other bodies? Self-help organisations may be considered more sympathetically for discretionary relief.
  - 1.6. Does the organisation provide facilities which indirectly relieve the Council of the need to do so or do the facilities complement those provided by the Council?

### Local Criteria

2. In addition, the following local criteria have been adopted by the council:
  - 2.1. Generally no discretionary relief should be allowed to national charitable organisations - unless there are exceptional circumstances, *e.g. charitable animal welfare organisations providing local facilities.*
  - 2.2. Relief should not be given to sports or social clubs of industrial firms or other business organisations (assistance should be provided by the firm or organisation).
  - 2.3. Organisations who receive direct grant aid from the Council will receive maximum discretionary relief with a corresponding reduction in their grant, providing that this does not apply to schemes funded by the Government. However, in cases where the Government funding regime assumes that local relief is being granted, this will be given providing that all other criteria are met. Relief will not be granted where government funding is available to meet the liability.
  - 2.4. Generally the facility should be provided for the benefit of people living in the City.

- 2.5. The Council has generally agreed not to allow any relief where in its opinion the body is capable of supporting itself financially without the need for assistance from the Council in the form of discretionary rate relief.

### Sports Clubs

3. The following additional criteria apply specifically for sports clubs:
  - 3.1. More than 50% of the members should be active playing members.
  - 3.2. Generally no relief should be allowed where a public admission fee is charged unless there are exceptional circumstances.
  - 3.3. Sympathetic consideration to be given to minority sports and where facilities are not provided by the Council.
  - 3.4. For those sports clubs that operate a bar, relief should not generally exceed 50% unless there are exceptional circumstances.
  - 3.5. Sympathetic consideration to be given to those organisations that are affiliated to local or national organisations with a view to developing their own interests and promoting Wolverhampton as a national or international venue.