



Executive
16 January 2012

**Report from the Director of
Finance and Corporate Resources**

Wards Affected:
ALL

National Non-Domestic Rate Relief

1.0 Summary

- 1.1 The Council has the discretion to award rate relief to charities or non-profit making bodies. It also has the discretion to remit an individual National Non-Domestic Rate (NNDR) liability in whole or in part on the grounds of hardship.
- 1.2 This report includes applications received for discretionary rate relief since the Executive Committee last considered such applications in October 2011.
- 1.3 Applications have also been received for 100% discretionary rate relief from Meanwhile Space CIC who are working with the Council in bringing empty shop units in Willesden back into use. These are detailed in Appendix 3.

2.0 Recommendations

- 2.1 Members are requested to agree the discretionary rate relief applications in Appendix 2.
- 2.2 Members are asked to agree granting Meanwhile Space CIC 100% discretionary rate relief in respect of their short term occupation of units in Willesden as detailed in Appendix 3.

3.0 Details

- 3.1 Details of the Council's discretion to grant rate relief to charities, registered community amateur sports clubs and non-profit making organisations are contained in the financial and legal implications sections (4 and 6).
- 3.2 Appendix 1 sets out the criteria and factors to consider for applications for NNDR relief from Charities and non-profit making organisations. This was agreed by the Executive in February 2008.

- 3.3 Appendix 2 lists new applications from non local charities that meet the criteria. It also shows the cost to the Council if 25% discretionary relief is awarded, which is the Council's normal policy.
- 3.4 Appendix 3 details the work of Meanwhile Space CIC in the Willesden Green regeneration project and their application for rate relief in respect of the properties that they are using for this project
- 3.5 The criteria for awarding discretionary rate relief focuses on ensuring that the arrangements are consistent with corporate policies and relief is directed to those organisations providing a recognised valued service to the residents of Brent. Further detail is set out in Appendix 1. Any relief granted in 2011/12 will be for a three-year period which follows the policy previously agreed by the Executive.
- 3.6 Charities and registered community amateur sports clubs are entitled to 80% mandatory rate relief and the council has discretion to grant additional relief up to the 100% maximum.
- 3.7 Non-profit making organisations do not receive any mandatory relief, but the Council has the discretion to grant rate relief up to the 100% maximum.

4.0 Financial Implications

4.1 Discretionary Rate Relief

- 4.1 Charities and registered community amateur sports clubs receive 80% mandatory rate relief, for which there is no cost to the Council. The Council has the discretion to grant additional relief up to the 100% maximum, but has to bear 75% of the cost of this from the Discretionary Relief Budget.
- 4.2 Non-profit making organisations do not receive any mandatory relief, but the Council has the discretion to grant rate relief up to the 100% maximum. The Council has to bear 25% of the cost of any relief granted.
- 4.3 The Council, where it has decided to grant relief, has followed a general guideline of granting 100% of the discretionary element to local charities and 25% of the discretionary element to non-local charities.
- 4.4 It has also granted 25% of the whole amount requested (which is entirely discretionary) to non-profit making organisations. This general policy was endorsed for continuation by the Executive in February 2008.
- 4.5 The total 2011/12 budget available for discretionary spending is £91,000. £95,385 has already been committed in respect of applications approved and entitlement to relief for 2011/12. If Members agree relief as set out in Appendices 2 and 3, it would result in a further spend of £1,505 for 2011/12, this would bring the total spend for 2011/12 to £96,890. Whilst this is an overspend of £5,890 the final figure for 2011/12 may well be further adjusted

to reflect new applications received during the financial year as well as any adjustments to liability, e.g., vacations, reductions in rateable value.

5.0 Staffing Implications

5.1 None

6.0 Legal Implications - Discretionary Rate Relief

6.1 Under the Local Government Finance Act 1988, charities are only liable to pay 20% of the NNDR that would otherwise be payable where a property is used wholly or mainly for charitable purposes. This award amounts to 80% mandatory relief of the full amount due. For the purposes of the Act, a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. Under the Local Government Act 2003, registered Community Amateur Sports Clubs also now qualify for 80% mandatory relief.

6.2 The Council has discretion to grant relief of up to 100% of the amount otherwise due to charities, Community Amateur Sports Clubs, and non-profit making organisations meeting criteria set out in the legislation. These criteria cover those whose objects are concerned with philanthropy, religion, education, social welfare, science, literature, the fine arts, or recreation.

Guidance has been issued in respect of the exercise of this discretion and authorities are advised to have readily understood policies for deciding whether or not to grant relief and for determining the amount of relief. Further details of the Brent policy are shown in Appendix 1.

6.3 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 allow Brent to grant the relief for a fixed period. One year's notice is required of any decision to revoke or vary the amount of relief granted, if in the case of a variation, it would result in the amount of rates increasing. The notice must take effect at the end of the financial year.

6.4 The operation of blanket decisions to refuse relief across the board would be susceptible to legal challenge on grounds that the Council would be fettering its discretion. The legal advice to officers and Members is that each case should be considered on its merits.

7.0 Diversity Implications

7.1 Applications have been received from a wide variety of diverse charities and organisations, and an Impact Needs Analysis Requirement Assessment (INRA) has been carried out on the eligibility criteria. All ratepayers receive information with the annual rate bill informing them of the availability of discretionary and hardship rate relief. Ratepayers who have previously applied for relief are sent annual discretionary application forms. Details of all the applicants are shown in the Appendices.

8.0 Background Information

- 8.1 Report to Executive 11th February 2008 – National Non-Domestic Relief and Hardship Relief

9.0 Contact Officers

- 9.1 Paula Buckley, Head of Client Team - Brent House, Tel. 020 8937 1532
- 9.2 Richard Vallis, Revenues Client Manager – Brent House, Tel 020 8937 1503
- 9.3 Abigail Stratford, Regeneration Officer – Brent House, Tel 020 8937 1026

CLIVE HEAPHY
Director of Finance and Corporate Resources

ELIGIBILITY CRITERIA FOR APPLICATIONS FOR NNDR DISCRETIONARY RELIEF FOR CHARITIES & FROM NON PROFIT MAKING ORGANISATIONS

Introduction

The following details the criteria against which the Local Authority will consider applications from non profit making organisations. In each case the individual merits of the case will be considered.

- (a) Eligibility criteria**
- (b) Factors to be taken into account**
- (c) Parts of the process.**

(a) Eligibility Criteria

- The applicant must be a charity or exempt from registration as a charity, a non-profit making organisation or registered community amateur sports club (CASC).
- All or part of the property must be occupied for the purpose of one or more institutions or other organisations which are not established or conducted for profit and whose main objects are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
- The property must be 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.

(b) Factors to be taken into account

The London Borough of Brent is keen to ensure that any relief awarded is justified and directed to those organisations making a valuable contribution to the well-being of local residents. The following factors will therefore be considered:

- a. The organisation should provide facilities that indirectly relieve the authority of the need to do so, or enhance or supplement those that it does provide
- b. The organisation should provide training or education for its members, with schemes for particular groups to develop skills
- c. It should have facilities provided by self-help or grant aid. Use of self-help and / or grant aid is an indicator that the club is more deserving of relief
- d. The organisation should be able to demonstrate a major local contribution.
- e. The organisation should have a clear policy on equal opportunity.
- f. There should be policies on freedom of access and membership.

- g. It should be clear as to which members of the community benefit from the work of the organisation.
- h. Membership should be open to all sections of the community and the majority of members should be Brent residents
- i. If there is a licensed bar as part of the premises, this must not be the principle activity undertaken and should be a minor function in relation to the services provided by the organisation.
- j. The organisation must be properly run and be able to produce a copy of their constitution and fully audited accounts.
- k. The organisation must not have any unauthorised indebtedness to the London Borough of Brent, including rate arrears. Rates are due and payable until a claim for discretionary rate relief is heard

(c) Parts of the process

No Right of Appeal

Once the application has been processed, the ratepayer will be notified in writing of the decision. As this is a discretionary power there is no formal appeal process against the Council's decision. However, we will re-consider our decision in the light of any additional points made. If the application is successful and the organisation is awarded discretionary rate relief, it will be applied to the account and an amended bill will be issued.

Notification of Change of Circumstances

Rate payers are required to notify any change of circumstances which may have an impact on the award of discretionary rate relief.

Duration of award

The current policy awards relief for one year only and the applicant has to reapply on an annual basis.

The new policy will award relief for a period of two years if the application is made in 2008/09 and for three years if made in 2009/10. However, a confirmation will be required from the successful applicants that the conditions on which relief was previously awarded still apply to their organisation. This will help ensure that the Council's rate records remain accurate.

Withdrawal of relief

One years notice has to be given by the Council for the withdrawal of relief

Unlawful activities

Should an applicant in receipt of discretionary rate relief be found guilty of unlawful activities for whatever reason, entitlement will be forfeited from the date of conviction.

Appendix 1

	Type of Charitable/Non-Profit Making Organisation	Current Policy
		Discretionary Relief Limited to
1	Local charities meeting required conditions (80% mandatory relief will apply)	20% (100% of remaining liability)
2	Local Non-profit-making organisations (not entitled to mandatory relief)	25%
3	Premises occupied by a Community Amateur Sports Club registered with HM Revenue & Customs. (80% mandatory relief will apply)	20% (100% of remaining liability)
4	Non-Local charities (80% mandatory relief will apply)	25% (of remaining liability)
5	Voluntary Aided Schools (80% mandatory relief will apply)	20% (100% of remaining liability)
6	Foundation Schools (80% mandatory relief will apply)	20% (100% of remaining liability)
7	All empty properties	NIL
8	Offices and Shops	NIL
9	An organisation which is considered by officers to be improperly run, for what ever reason, including unauthorised indebtedness.	NIL
10	The organisation or facility does not primarily benefit residents of Brent.	NIL
11	Registered Social Landlords (as defined and registered by the Housing Corporation). This includes Abbeyfield, Almshouse, Co-operative, Co-ownership, Hostel, Letting / Hostel, or YMCA.	Nil
12	Organisations in receipt of 80% mandatory relief where local exceptional circumstances are deemed to apply.	Up to 20% (100% of remaining liability)

NON-LOCAL CHARITIES

Financial year: 2011-12

Non-Local Charities (25% relief awarded)		2011-12 Charge	Bill net of statutory relief	25% relief awarded	Cost to Brent at 75%
	<u>New Applications</u>				
32873711	New Testament Church of God	£20,026.25	£4005.25	1001.31	£750.98
Total		£20,026.25	£4005.25	1001.31	£750.98

Financial year: 2010-11

Non-Local Charities (25% relief awarded)		2010-11 Charge	Bill net of statutory relief	25% relief awarded	Cost to Brent at 75%
	<u>New Applications</u>				
32873711	New Testament Church of God	£20,118.43	£4023.69	1005.93	£754.44
Total		£20,118.43	£4023.69	1005.93	£754.44

NON PROFIT MAKING ORGANISATIONS - APPLICATION FOR 100% DISCRETIONARY RATE RELIEF

Willesden Green Outer London Fund Project - Meanwhile Space C.I.C.

Address	Period of relief	Amount of relief	Cost of relief (25%) – to be borne by OLF
45 Walm Lane	21/11/2011 – 31/3/2012	£1,600.68	£400.17
Units 1 & 2, 12 Queens Parade	9/1/2012 – 31/3/2012	£1,546.55	£386.64
Units 3 - 11, 12 Queens Parade	9/1/2012 – 31/3/2012	£8,269.73	£2067.43
Units 12, 12 Queens Parade	9/1/2012 – 31/3/2012	£417.32	£104.33
		£11,834.28	£2958.57

Background

1. In September 2011 the London Borough of Brent were awarded £500,000 funding from the Mayor's Outer London Fund (OLF) for Willesden High Road.
2. Willesden Green is situated in the south east of the borough. At its heart is Willesden High Road, home to a variety of shops including the Willesden Green Library Centre (WGLC). The designated town centre stretches from Willesden Underground Station in the east to Belton Road in the West. It is a well connected and attractive town centre, its strengths include a particularly young and diverse community, with an increasing number of young professionals drawn to buy and rent flats in the area.
3. Despite having the potential, raw ingredients for a strong and distinct town centre, people just aren't using Willesden Green as a local resource. Willesden High Road has seen an increase in vacancy rates and is performing particularly poorly with the second highest vacancy rate in the borough.
4. Brent Council is committed to regenerating Willesden Green into a thriving, vibrant destination. Intent on delivering its commitment, the Council bid for, and successfully secured £500,000 from the Mayor's OLF to transform the High Road into a thriving, vibrant destination through the 'New Windows on Willesden Green' project.
5. The Council have procured The Architecture Foundation, Meanwhile Space CIC and Blue Consulting to deliver 'New Windows on Willesden Green', a project designed to spark energetic and rapid change of Willesden High Road by giving local people the opportunity to use and change spaces to create a

more attractive destination, a place to try new ideas and stimulate a new pride in place.

6. The project is split into two phases. Phase 1 ran from October 2011 – December 2011 (inclusive) and incorporated the following four core elements;
 - **Shop Front Animation & Improvements;** Throughout December a special series of window displays and shop front improvements were revealed along Walm Lane and Willesden High Road in the run up to Christmas. Local Shop owners were paired with talented emerging designers to produce an advent calendar trail of window displays, a new Willesden Window opened each day of the month.
 - **The pilot shop;** 45 Walm Lane a previously vacant shop premises was transformed and bought back into use, it's now a one-stop-shop to find out everything you need to know about the New Windows on Willesden Green project.
 - **Trainee Opportunities;** Working in partnership with the College of North West London and other training providers, local students were offered training opportunities to make some of the shop displays or deliver some of the physical shop front improvements.
 - **A Christmas Celebration for Willesden;** An exciting weekend of events was held on 17th & 18th December 2011, hand on designer workshop, historical tours and advent trails animated and brought new audiences to the High Street.
7. At the time of writing Phase 1 programme of activities has;
 - Engaged 12 Brent Trainees; Through engaging in the project the local painting & decorating diploma students gained extra units which will help them get an NVQ, the industry recognised qualification.
 - Up skilled 6 local people
 - Created 25 temporary designer posts
 - Engaged 25 existing businesses

The realisation of the benefits will continue into the second phase of the project which runs from January 2012 – March 2012 (inclusive).

8. Phase 2 looks primarily at making empty shops/properties in Willesden Green available at no cost for Brent based individuals, companies and community groups to try out new business ideas. This will be done through an open call process with local creative businesses, start-up businesses or community groups. In return successful applicants will offer creative ways of 'giving back' to the community whilst running a business from the shop and ensuring occupancy on the High Road.
9. The vacant shops will be secured by Meanwhile Space CIC. Meanwhile Space CIC (until a suitable legacy vehicle is constituted) will enter into a meanwhile lease with the landlord to occupy premises identified up until 31st

March 2012 when the project ceases. The vacant premises will then be improved and made available to the selected applicants at little cost who will act as guardians of the space to keep it open and animated by running a business from the shops/properties whilst simultaneously working to engage the local community. By example for taking on a local trainee or leading workshops for local people.

10. Phase 2 will deliver both social and economic benefits through; providing opportunities for small medium enterprises to grow, bringing new audiences to the area, improving the offer on the High Street and delivering much needed skills and training in the area. The skills and training will be targeted particularly at young people in response to the current high levels of youth unemployment.
11. Local trainees from the College of North West London and other training providers will also be engaged to deliver physical improvements to the vacant shops/premises to make them more marketable. This will ultimately help attract high quality businesses to the High Street in the future, improving the offer to local residents and creating a sustainable shopping and leisure destination.
12. Meanwhile Space CIC has already secured a meanwhile lease on the pilot shop, 45 Walm Lane, London, NW2 4QU which is being used to promote the project. An agreement is due to be signed on 9 January 2012 with Metrotexiles in respect of Units 1 & 2, 3-11, and 12 Queen's Parade, London, NW2 5HT. These units will initially house all the new start-up enterprises and be used to train and skill people in running a business and other commercial skills. They will also be used as an outlet for displaying and marketing their products. Once these enterprises have sufficient skills they will be encouraged to take on vacant shop units in the area.
13. Meanwhile Space CIC is a non-profit organisation and as such would normally only be considered for 25% discretionary rate relief based on the current policy (as set out in Appendix 1). Incurring the remaining 75% rates liability for the properties secured on a meanwhile lease would mean a significant proportion of the OLF funding allocated to deliver New Windows on Willesden Green would be spent on business rates, rather than driving and delivering the social and economic regeneration of the High Street. If 100% discretionary rate relief is agreed it is proposed that the OLF funding is used to meet the council's costs of granting full rate relief on premises activated through the scheme.
14. To ensure the project remains cost neutral to the Council, the OLF funding allocated to deliver New Windows on Willesden Green will be used to cover the 25% business rate cost borne by the Council. Thus in effect there is no cost to the Council of awarding 100% relief and the investment in regenerating Willesden High Road is still maximised.

Recommendation

Meanwhile Space CIC are a non-profit making organisation working with the Council to promote the regeneration of Willesden Green. They will be taking on the leases of shops in order to train and skill potential new businesses who it is hoped will ultimately trade from vacant shop units in the area. It is therefore recommended that the Council grants 100% discretionary rate relief to the units occupied by Meanwhile Space CIC, particularly as there is no cost to the Council. Should they occupy any other units these will be reported to the Executive.