

LONDON BOROUGH OF BRENT

MEETING OF THE EXECUTIVE

22 SEPTEMBER 2003

REPORT FROM THE DIRECTOR OF FINANCE

FORWARD PLAN REFERENCE BFS/57

**NATIONAL NON DOMESTIC RATE – DISCRETIONARY RELIEF FOR
CHARITIES AND NON PROFIT MAKING ORGANISATIONS**

1. SUMMARY

- 1.1 The Council has the power to grant discretionary relief to charities and to non-profit making organisations which meet specified criteria.
- 1.2 This report includes details of the applications received since the last report to the Executive in July.

2. RECOMMENDATIONS

- 2.1 Members are requested to consider these applications and to decide how much, if any, discretionary relief is to be granted for 2003/2004.
- 2.2 Members are recommended to accept applications received up to 31 August 2003 for the 2003/04 financial year, for the reason stated in 6.1 below.

3. FINANCIAL IMPLICATIONS

- 3.1 Charities receive 80% mandatory 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.
- 3.2 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.
- 3.3 The budget available for this discretionary spending is for 2003/04 is £110K. So far this financial year £67K of this budget has been used.
- 3.4 For the last 6 years, the Council has followed a general guideline of granting 100% discretionary relief to local charities and 25% discretionary relief to non-local charities and non-profit making organisations. If the same guideline is followed in respect of the

applications contained within this report, the amount of discretionary spend would be £35K. There are likely to be further applications made during the course of the year, although it is now part of the Council's criteria that applications (apart from new occupations) should be made by 30 June (but see point 6.1 below).

4. STAFFING IMPLICATIONS

- 4.1 None

5. LEGAL IMPLICATIONS

- 5.1 Under the Local Government Finance Act 1988, charities are only liable to pay one fifth of the NNDR that would otherwise be payable where property is used wholly or mainly for charitable purposes. This amounts to a mandatory relief of 80%. 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.
- 5.2 The Council has discretion to grant relief of up to 100% of the amount otherwise due to charities 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.

6. DETAILS

- 6.1 Appendix 1 shows the Council's eligibility criteria and Appendix 2 lists the Council's categorisation of organisations and charities. Point 3.7 of the criteria states that applications should be received by 30 June in respect of the financial year to which they relate. Because of the change in Revenues contractor, the application forms were not sent out until end of May this year, which is 2 months later than usual. Officers would recommend therefore that applications for 2003/04 should be accepted up to 31 August 2003.
- 6.2 There are 43 applications from charities and the details of these are shown in Appendix 3.
- 6.3 There are 14 applications from non-profit making organisations and the details of these are shown in Appendix 4.
- 6.4.1 There are 4 applications from charities and 2 applications from non-profit making organisations for 2002/03 and these are shown in Appendix 5.

6.5 There are 2 appeals against previous decisions to consider and these are shown in Appendix 6.

7. BACKGROUND INFORMATION

7.1 ODPM guidance note on discretionary relief.

Laurence Knight
Client Manager for Local Taxation & Benefits

For further information please contact:
Laurence Knight
Client Manager for Local Taxation & Benefits
9th Floor, Brent House
349-357 Wembley High Road
Wembley
HA9 6BZ

Telephone (020) 8937 1503