



Cabinet
11 September 2017

**Report from the
Strategic Director of Resources**

For Action

Wards affected:
ALL

**National Non-Domestic Rates – Applications for
Discretionary 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. The award of discretionary rate relief is based on policy and criteria agreed by Cabinet on 15 November 2016. New applications for relief have to be approved by the Cabinet.
- 1.2 The report details new applications for relief received since Cabinet last considered such applications in November 2016

2.0 Recommendations

- 2.1 That the applications for discretionary rate relief detailed in Appendix 2 to this report be approved.

3.0 Detail

- 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 5).
- 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 Cabinet at its meeting on 15 November 2016.

- 3.3 Appendix 2 lists new applications from local and non local charities that meet the criteria. These receive 80% mandatory relief and where they meet the criteria the council will award local charities up to 100% discretionary relief in respect of the remaining 20% balance. The council will award non local charities 25% relief in respect of the remaining 20% balance. It also shows the cost to the Council if discretionary relief is awarded.
- 3.4 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, particularly the vulnerable and those less able to look after themselves. Further detail is set out in Appendix 1. Should relief be granted entitlement will remain until 31 March 2020 unless there are any changes to the organisation. The scheme will be reviewed in late 2019 when organisations will be required to re-apply for relief.
- 3.5 The policy states that the council would not normally award discretionary relief to Housing Associations in particular offices occupied by them. However with regards to the application by Catalyst HA it is in respect of a community centre and it can be argued that it is not “occupied” by Catalyst as such although they are in paramount control of the centre, hence them being the ratepayer. The centre is used for community events, employment advice, youth work, elders forum, arts, homework clubs, development activities, peer mentoring, etc., all of which benefit the community (as opposed to Catalyst). In this instance it is therefore recommended that relief be awarded.
- 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. However the council’s policy limits relief for these to 25%

4.0 Financial Implications

Discretionary Rate Relief

- 4.1 From 1 April 2013 the council funds 30% of the amount of mandatory and discretionary relief awarded to charities and non-profit making organisations, with 50% being met by central government and 20% by the GLA.
- 4.2 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. Any additional awards of relief will reduce income to the Council by 30%.
- 4.3 In respect of non profit making organisations the council has agreed where the organisation meets the criteria to award 25% discretionary rate relief. The cost to the council of awarding this relief is 30% of the amounts granted.

- 4.4 The costs therefore of awarding relief to the charitable organisations detailed in Appendix 2 is £4,236.74. This will in effect reduce the council's projected income from its retained Business Rates income from 2017/18 onwards.

5.0 Legal Implications

Discretionary Rate relief

- 5.1 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, registration with the Charity Commission is conclusive evidence of this. Under the Local Government Act 2003, registered Community Amateur Sports Clubs also qualify for 80% mandatory relief.
- 5.2 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. Details of the current policy are contained in Appendix 1
- 5.3 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.
- 5.4 The operation of blanket decisions to refuse discretionary relief across the board would be susceptible to legal challenge on grounds that the Council would be fettering its discretion. The legal advice provided to officers and Members is that each case should be considered on its merits.

6.0 Diversity Implications

- 6.1 Applications have been received from a wide variety of diverse charities and organisations, and an Impact Needs Analysis Requirement Assessment (INRA) was carried out in 2008 when the criteria were originally agreed. As there were no changes made to the criteria in September 2013 an Equality Impact assessment was not required. All ratepayers receive information with the annual rate bill informing them of the availability of discretionary and hardship rate relief.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 None

Background Papers

Report to Cabinet 15 November 2016 – National Non-Domestic Relief –
Review of Discretionary Rate Relief Policy

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