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|  | <p style="text-align: center;"><b>Executive</b><br/>23 April 2012</p> <p style="text-align: center;"><b>Report from the Director of<br/>Finance and Corporate Services</b></p> |
| <p style="text-align: right;">Wards Affected:<br/>ALL</p>                         |  |
| <p><b>National Non-Domestic Rate Relief</b></p>                                   |  |

## **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 January 2012.
- 1.3 An application has also been received for 100% discretionary rate relief from Meanwhile Space CIC who are working with the Council in bringing empty shop units in Wembley 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 Wembley 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 local charities that meet the criteria. It also shows the cost to the Council if discretionary relief is awarded, which is the Council's normal policy.
- 3.4 Appendix 3 details the work of Meanwhile Space CIC in the Wembley Regeneration Programme (project known as Why Don't You Wembley) and their application for rate relief in respect of the properties that they will be 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 2012/13 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. £96,890 has already been committed in respect of applications approved and

entitlement to relief for 2011/12. If Members agree relief as set out in Appendix 2, it would result in a further spend of £1,002 for 2011/12, this would bring the total spend for 2011/12 to £97,892. Whilst this is an overspend of £6,892 the final figure for 2011/12 will be further adjusted to reflect adjustments to liability, e.g., vacations, reductions in rateable value.. There is no implication on the discretionary relief budget for awarding relief as set out in Appendix 3

## **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 11<sup>th</sup> February 2008 – National Non-Domestic Relief and Hardship Relief.
- 8.2 Report to Executive 16<sup>th</sup> January 2012 – Non Domestic Rate 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 Alex Hearn, Regeneration Officer – Brent House, Tel 020 8937 1048

CLIVE HEAPHY  
Director of Finance and Corporate Services

**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)   | <b>20%<br/>(100% of remaining liability)</b>       |
| 2  | Local Non-profit-making organisations (not entitled to mandatory relief)  | <b>25%</b>   |
| 3  | Premises occupied by a Community Amateur Sports Club registered with HM Revenue & Customs. (80% mandatory relief will apply)  | <b>20%<br/>(100% of remaining liability)</b>       |
| 4  | Non-Local charities (80% mandatory relief will apply)   | <b>25%<br/>(of remaining liability)</b>            |
| 5  | Voluntary Aided Schools (80% mandatory relief will apply)   | <b>20%<br/>(100% of remaining liability)</b>       |
| 6  | Foundation Schools (80% mandatory relief will apply)  | <b>20%<br/>(100% of remaining liability)</b>       |
| 7  | All empty properties  | <b>NIL</b>   |
| 8  | Offices and Shops   | <b>NIL</b>   |
| 9  | An organisation which is considered by officers to be improperly run, for what ever reason, including unauthorised indebtedness.  | <b>NIL</b>   |
| 10 | The organisation or facility does <b>not</b> primarily benefit residents of Brent.  | <b>NIL</b>   |
| 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. | <b>Nil</b>   |
| 12 | Organisations in receipt of 80% mandatory relief where local exceptional circumstances are deemed to apply.   | <b>Up to 20%<br/>(100% of remaining liability)</b> |

## LOCAL CHARITIES

Financial year: 2011-12

| Non-Local Charities |  | 2011-12<br>Charge | Bill net of<br>statutory<br>relief | Cost to<br>Brent at<br>75% |
|---------------------|--|-------------------|------------------------------------|----------------------------|
|                     | <u>New Applications</u>                                    |                   |                                    |                            |
| 32938830            | South Kilburn<br>Neighbourhood Trust<br>2b Canterbury Road | £6062.00          | £1212.40                           | £909.30                    |
| <b>Total</b>        |  | £6062.00          | £1212.40                           | £909.30                    |

Financial year: 2010-11

| Non-Local Charities |   | 2010-11<br>Charge | Bill net of<br>statutory<br>relief | Cost to<br>Brent at<br>75% |
|---------------------|---|-------------------|------------------------------------|----------------------------|
|                     | <u>New Applications</u>   |                   |                                    |                            |
| 32938830            | South Kilburn<br>Neighbourhood Trust<br>2b Canterbury Road<br>(21/2/2011 – 31/3/2011) | £609.30           | £123.86                            | £92.89                     |
| <b>Total</b>        |   | £609.30           | £123.86                            | £92.89                     |



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

### Why Don't You Wembley Project - Meanwhile Space C.I.C.

| Address                         | Period of relief     | Amount of relief | Cost of relief (25%) – to be borne by the project |
|---------------------------------|----------------------|------------------|---|
| 3-5, Wembley Hill Road, HA9 8DL | 1/4/2012 – 30/9/2012 | £6,412.00        | £1,603.00   |
|                                 |                      |                  |   |
| Total                           |                      | £6,412.00        | £1,603.00   |

### Background

1. In February 2012 the London Borough of Brent entered into an agreement with Meanwhile Space CIC to deliver a project within empty shops and or commercial premises within Wembley town centre and regeneration area. The project will deliver opportunities that will facilitate training and skills development of Brent residents with a view to improving people's chances of gaining employment. The project is funded by the council from the New Initiatives budget from the Regeneration and Major Projects Department.
2. Wembley is expected to be the main driver for growth in the long term due to the scale of the development expected. Parts of Wembley High Road are performing relatively well, with few vacant retail units; this is particularly the case from Ealing Road through to Cecil Avenue.
3. However, the Wembley 'triangle' area and some units on Wembley Hill Road are sitting vacant with a handful of stubborn long term vacant sites. Additionally, due to the scale and timeframe of the regeneration around the stadium, there are a number of vacant and underused parcels of land that could be used to deliver similar projects.
4. These empty spaces provide opportunities for activities to allow local people, visitors and the council understand how they can use, explore and enjoy Wembley between empty land and units and the large buildings that dominate the area.
5. Brent Council is committed to the regeneration of Wembley and to deliver the Vision for the area. This is both as the facilitator of private sector led development and as a builder and provider itself with the forthcoming new Civic Centre. The Why Don't You Wembley project will develop opportunities on a finer grain to explore the spaces between the big and the empty, to allow people to understand how Wembley is a curious and interesting place and to support the delivery of economic and skills development.

6. The Council have procured Meanwhile CIC to deliver 'Why Don't You Wembley' - a project designed to spark the change of Wembley town centre and the regeneration area at a human scale by giving local people the opportunity to use and change spaces to enable entrepreneurship and create a more attractive destination, a place to try new ideas and stimulate a new pride in place.
7. The project incorporates the following core elements;
  - **Occupation of up to 5 empty commercial units within Wembley town centre and/or regeneration area.** Empty spaces will be made available to potential users from the local area for creative, community or business ideas.
  - **Workshops and capacity building** to understand the opportunities and constraints of delivering 'meanwhile projects' in Wembley involving local residents, businesses organisations and council officers
  - **Trainee and Mentoring Opportunities;** working in partnership with local education providers and/or other training providers, 25 people will be mentored to set up their own meanwhile opportunities and at least 5 traineeships will delivered
  - **A meanwhile strategy for Wembley;** with identified opportunities and deliverable long term interventions to provide affordable workspace to drive economic development and opportunities for small and medium sized business formation and a programme of training and learning for local people..

The realisation of the benefits will continue into a second phase of the project which runs from June 2012 for potentially 5 – 10 years on the basis of the formulation of a charitable Legacy vehicle.
8. The vacant premises will be secured by Meanwhile Space CIC who will enter into a meanwhile lease with the landlord to occupy premises. The vacant premises will then be improved and made available to local people at little or no 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.
9. Phase 2 will deliver lasting social and economic benefits through; providing opportunities for small medium enterprises to grow, bringing new audiences to the area, improving the cultural offer on within the town centre and the regeneration area 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.

Local trainees from the College of North West London and other training providers will also be engaged to assist with the delivery physical improvements to the vacant shops/premises to make them more marketable.

10. Meanwhile Space CIC has already secured a meanwhile lease on the anchor shop at 3-5 Wembley Hill Road, London, HA9 8DL which is being used to promote the project. Up to 4 further units will then be secured which will be used to allow 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.
11. 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 project budget allocated to deliver Why Don't You Wembley would be spent on business rates, rather than driving and delivering the social and economic regeneration of the town centre. The Council has previously agreed to award Meanwhile Space CIC 100% rates relief for properties it occupies as part of the Willesden Green project. The 25% cost of awarding the relief will be met from the budget allocated to the Why Don't You Wembley project

## **Recommendation**

Meanwhile Space CIC are a non-profit making organisation working with the Council to promote the regeneration of Wembley. 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. Should they occupy any other units these will be reported to the Executive. The cost of awarding the relief will be met from the project's budget.