



Charity relief background

Mandatory Relief – Registered charities

An organisation will qualify for mandatory relief provided the ratepayer is a charity registered with the Charity Commissioners or exempted from registration, and the property is wholly or mainly used for charitable purposes.

Where the property is used as a shop to sell goods to supplement the finances of the organisation, further provisions exist to ensure that relief is only granted where the goods sold have been wholly or mainly donated. This ensures that the shop is not in direct competition with retailers by selling wholesale goods bought from suppliers, including cottage industry and third world output.

Where an organisation meets the conditions of the legislation the relief is a requirement and therefore is actioned as part of the normal administration of Non Domestic Rates (Business Rates), within the Revenue section, although to ensure probity a report of the case is reviewed by the Group Director of Finance and Commerce.

Mandatory relief is 80% of the rate liability, which *may* be supplemented by up to 20% discretionary relief.

The full cost of mandatory relief is currently borne by the non-domestic rate pool and not met directly by the authority. This will change with the revised funding arrangements from April 2013 with the Council sharing the cost on the 50/30/20 split described above.

Discretionary Relief

Billing authorities have discretion to grant an award to:

- Top up the award to charities in receipt of mandatory relief
- Grant awards to non-profit making organisations

Top up to mandatory relief

The top up of relief to charities, in addition to the amount of mandatory relief may be made to a maximum of 100% of the rate charge

Where discretionary relief is granted in addition to mandatory relief, 25% of the discretionary award is offset against payments into the pool and therefore not directly met by the Council the remainder 75% is borne locally through the collection fund. However this funding arrangement changes with effect from 1st April 2013.

Cabinet, 20 March 2013

It is for each authority to judge whether an organisation qualifies for relief and any percentage allowed.

Non-profit making organisations

Authorities may grant relief of up to 100% to non-profit making bodies where the property is:

“used by one or more institutions or organisations, none of which is established or conducted for profit and whose main objects are charitable, philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.”

The cost of any discretionary rate relief granted to non-profit making organisations is borne 75% by the pool and 25% locally through the collection fund. Again the funding arrangements will change from 1st April 2013 to the 50/30/20 split described above.

The criteria used within the current policy to assess whether an application for discretionary rate relief in respect of a non-profit making organisation are as follows:

- The extent to which the organisation is local: e.g. the Council do not give rate relief to national charity shops.
- Membership Arrangements for clubs etc : is membership restricted, are the fees excessive
- Membership consistency : what percentage is drawn from the authority residents
- Facilities : are there particular features for vulnerable or needy groups e.g. Disabled, Elderly, youth groups, minority groups
- Are there specialist facilities: which would otherwise be provided by the Council or of particular welfare to the community aimed at Havering residents, or used as a focal point for Havering residents. Specialist Training : Special skills for the young (e.g.: sport), Broader training (e.g.: disabled or training specialists to pass on skill)

Rate relief charged to the non-domestic rate pool is subject to an annual audit through the District Audit procedures.

Current award arrangements

An application form is available for all applicants with a covering explanatory leaflet to allow them to indicate their status and their application for the appropriate reliefs.

The Head of Customer Services and the Customer Services Improvement Manager review the applications with a report on the appropriate levels of relief made to Group Director of Finance and Commerce for approval. These powers were

Cabinet, 20 March 2013

exercised as part of the delegation to Group Director of Finance and Commerce under the authority contained within the Constitution.

Mandatory relief can apply to national and local organisations alike with many national charities receiving relief, particularly with the development of charity shops, and quite often an application for discretionary relief is made with the application for mandatory relief.

To ensure conformity in dealing with applications current practice is to only award discretionary relief to charities or organisations, which wholly or mainly benefit Havering residents, e.g. St. Francis Hospice, and Community Centres.

Whilst the percentage of discretionary relief is open ended to a maximum of 100%, for uniformity of approach the level is considered by reference to an assessment of the organisation using a Discretionary Rate Relief Assessment Sheet (appendix A).

In this way a consistency of approach is maintained.

The calculation starts with a base premise of 0% discretion for mandatory cases and a 50% base for qualifying non profit applicants and is then adjusted to reflect certain conditions. For example, where membership is considered to be restrictive by excessive fees or “blackballing” arrangements the relief would be reduced by 100% or where the facilities offered were directed to the welfare of Havering residents increased by 30%

The sum of these adjustments are applied to the base to provide a guide on the level recommended.

Discretionary Rate Relief Assessment Sheet

Does the organisation receive mandatory relief?

Yes / No

Criteria	% change	% allowed
Base discretionary relief - Mandatory cases : 80%		
Discretion only : 50%		
Membership Arrangements –		
Blackballing (membership rejection through secret vote)	-100.00	
Personally known	-80.00	
Excessive fees	-100.00	
Open (no restrictions)	0.00	
Membership consistency –		
less than 50% local	-5.00	
less than 40% local	-7.00	
less than 30% local	-10.00	
less than 20 % local	-25.00	
less than 10 % local	-50.00	
Facilities		
Provision for Elderly	5.00	
Disabled	5.00	
Young	5.00	
Minority	5.00	
Regular use by other organisation	5.00	
Special Facilities		
Which would otherwise be provided by the Council	10.00	
Welfare to the community aimed at Havering residents	30.00	
Focal point for Havering residents	20.00	
Specialist Training		
Special skills for the young (e.g. sport)	5.00	
Broader training (e.g. disabled or training specialists to pass on skill)	10.00	
New Club / Organisation		
First year of existence	10.00	
Second year of existence	5.00	
Provision of bar		
Open to the public with public license	-30.00	
Ancillary to the aims of the club	0.00	
Calculated relief		

Appendix C

Small business rate relief - Briefing note

Business ratepayers will be eligible for small business rate relief if they generally occupy only one property and the rateable value is below a certain level. The system varies between England and Wales.

Small business rate relief in England

Business ratepayers will be eligible for small business rate relief in England if their rateable value is below £18,000 (£25,500 in London) which means they are charged on lower rate poundage. (For 2013/14 this is 46.2p in £ compared to 47.1p in £)

In addition:

The last national revaluation of properties was undertaken in 2010 and therefore if the 2010 assessed rateable value is **£6,000 or below**, the small business rate multiplier is used and the bill will be reduced by 50 per cent.

However, the Government has doubled the relief, which was extended by the last Budget, to March 2014 with the following levels

- If the 2010 rateable value is **£6,000 or below** small business rate relief at 100 per cent applies (rather than 50 per cent),
- If the 2010 rateable value is **between £6,001 and £11,999** inclusive, the small business rate multiplier is used and the bill will be reduced on a sliding scale - from 100 per cent at the bottom of the range to 0 per cent at the top. For example, if the rateable value is £9,000, the bill will be reduced by 50 per cent.

If the ratepayer has more than one business property, the relief is only available if the rateable value of each of the other properties is below £2,600. If this is the case, the rateable values of all the properties will be combined and the relief is applied to the main property based on the total rateable value.

Equalities implications and risks:

When making this decision Cabinet should have due regard to the public sector equality duty. Section 149 of the Equality Act 2010 states:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The relevant protected characteristics are:

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*
- *Race,*
- *Religion or belief*
- *Sex*
- *Sexual orientation*
- *Marriage and Civil partnership*

An Equalities Impact Assessment has identified the main impact on protected groups and the mitigation measures are as follows:

Age – many organisations potentially affected are used by younger people (e.g. scouting/guiding and sports clubs). In addition, a number of schools are affected, with a potential impact on students attending these schools.

Mitigating measures –Sports clubs will still be eligible for assistance through its Community Amateur Sports Club affiliation and other groups can still be considered for relief as not for profit bodies. Many educational establishments are also charities and as such will still qualify for mandatory rate relief. In the context of a school's budget, the financial impact of removal of discretionary relief is very small and in the case of establishments subject to the Dedicated School Grant will be finance neutral.

Disability – there are no plans which will directly impact upon disabled groups or individuals

Religion – many of the VA schools affected are faith based and as such the impact of changes may affect certain faiths more than others.

Mitigation measures - it is expected that any impact on VA schools will be finance neutral. The proposal ensures that schools are treated fairly regardless of the community they serve and schools with charitable status will still be able to apply for mandatory relief.

Cabinet, 20 March 2013

As a result of the Equality Impact Assessment, a review process will be introduced and organisations will be expected to provide monitoring information to show the impact of any proposed changes on particular protected groups. This report also recommends that further consultation is undertaken on other possible changes to eligibility criteria. Following this consultation, the Equality Impact Assessment will be reviewed to identify any equality implications