Royal Borough of Greenwich

Report to Councillor Denise Hyland, Leader of the Council

Title: Discretionary Rate Relief Policy

Wards affected: All

Decision Classification: Non-Key Decision

1 Decisions Required

The Leader of the Council is requested to:

1.1 Agree the Guidelines, which are used by the Director of Finance to determine the levels of discretionary relief, as detailed in paragraph 4.3.

1.2 Authorise the Director of Finance to make recommendations of individual levels of discretionary rate relief. The criteria used to assist in that determination are detailed at App B.

1.3 Agree to a year’s extension to the London Living Wage relief as detailed at paragraph 4.1.

1.4 Agree to the continuation of rate relief for 18 months for empty new build properties as detailed at paragraph 4.2.

2.0 Background

2.1 The Royal Borough operates a Discretionary Rate Relief policy to provide relief for Organisations from Business Rates. This is awarded at the discretion of the Royal Borough under the Local Government Finance Act 1988.

3.0 Local Government Finance Act 1988

3.1 Section 47 of the Local Government Finance Act 1988 enables local authorities to grant discretionary rate relief to any organisation. There is no statutory requirement that it be a charity or not for profit organisation or sports club etc. However where an organisation does not fall into that category the council can award relief if it is satisfied that that it would be reasonable to do so if it would be reasonable to do so having regard to the interests of those liable to pay Council tax. The council has the power to grant 80% mandatory relief, and may grant up to a further 20% in
discretionary rate relief for Organisations in receipt of mandatory relief. In addition, the council may award up to 100% discretionary relief to Organisations not in receipt of mandatory relief.

4.0 Other Local Discretions

London Living Wage (LLW)

4.1 A locally determined discretion was agreed for 2015/16, in order to provide an incentive to local businesses to pay the London Living Wage (LLW). It was proposed that a further discretion was made available whereby those businesses that become accredited during 2015/16 would receive a rebate of their Living Wage Foundation Subscription, for five years, paid as a one off rebate to their business rates bill in 2015/16 only. Currently 41 businesses have been accredited to the LLW with further applications in the pipeline. It is proposed that this scheme is extended until 31st March 2017.

Long Term Empty Relief

4.2 A further locally agreed discretion is the government proposed 100% rate relief for 18 months for empty new build properties that have been completed between 1 October 2013 and 30 September 2016. This relief is fully funded by the government. It is proposed that this scheme is extended until 30th September 2016.

4.3 Subject to certain conditions, the Borough’s existing policy allows discretionary rate relief to be awarded under the following categories:

- Grant aided organisations
- Charity Offices
- Community Centres and Older Persons’ clubs
- Scout, Guides and Youth Clubs
- Sports Clubs.

Details are shown in App A.

4.4 Organisations that do not fall within the categories at 4.3 will be considered for relief using the criteria at Appendix B. Officers will use those criteria to make recommendations as to the levels of discretionary relief for agreement by the Leader.

State Aid
Note that all applications for discretionary rate relief are subject to State Aid rules. Undertakings are not permitted to receive assistance by way of state resources exceeding €200,000 over a three year period (£166,000 in total or £55,000 annually for three years). Large national companies with business premises across the country could be restricted in their ability to claim relief for all or any of their properties.

5 Locally Determined Policy

5.1 The Localism Act 2011 amended the original criteria laid down in s47 of the 1988 act and states that discretionary relief may be awarded to a ratepayer if the authority is satisfied that it would be reasonable to do so, having regard to the interests of the persons liable to pay council tax set by it. This wider definition has led some authorities to determine their own specific schemes for certain categories of business outside of the initial 1988 definition.

5.2 Detailed in Appendix A are the guidelines agreed in the past by the Cabinet Committee, which are used by the Director of Finance to determine the levels of discretionary relief to be applied to particular classes of organisations.

6.0 Comments of the Director Regeneration, Enterprise and Skills

It is highly desirable for the Royal Borough to ensure that it offers discounts that are at least on a par with those that are available in other / neighbouring boroughs. Additional discounts, beyond those being offered as standard elsewhere, could potentially give the Borough a competitive advantage in incentivising business to locate within the Borough. Providing business rate relief as part of the Council’s Living Wage Scheme has proved highly successful in tackling the issues of low pay and poverty. Other local authorities are following suite and the council has been recognised by the Living Wage Foundation as a leading living wage champion. If such a scheme is extended the Council may want to consider how it can include special provision for organisations that already receive rate relief or don’t pay business rates directly because they are tenants in serviced accommodation. Targeted discounts that support enterprise and help bring back empty premises into use can, in the long run, help stimulate economic growth and generate additional business rate income. The level of support provided, whether it be value, duration or geographical / sector driven, should be kept under review.
7.0 Comments of the Director of Finance

7.1 The costs of the discretionary rate relief granted is shared between the Government (who meet 50% of the cost), the Royal Borough (30%) and the Greater London Authority (20%). These costs are estimated at £0.6m for 2016/17.

8.0 Comments of the Head of Law and Governance

8.1 The Local Government Finance Act 1988 provides for the rating of business premises. Section 47 provides that an authority may grant discretionary relief, and may reduce the chargeable amount to nil, or such other amount as it may decide or as is determined in accordance with rules made by the authority.

8.2 It must also have regard to any relevant guidance issued by the Secretary of State. Any organisation is eligible for the grant of discretionary relief. There is no requirement that the organisation should be a charity or not for profit organisation. Section 47(5A) however provides that where the organisation is not one of those types of organisation then the council can only grant relief if satisfied that it would be reasonable to do so having regard to the interests of its Council tax payers.

8.3 The Leader’s scheme of delegation reserves to Cabinet the agreement or amendment of service policies and strategies which would involve making a key decision, and to the Leader the agreement or amendment of other service policies and strategies.

8.4 So far as the guidelines set out in the appendices are concerned, it is good administration to formulate policies and criteria for decision making (even where it is not a statutory requirement) to ensure that there is a systematic consideration of relevant factors and consistent decision making. It also ensures that the public can understand how decisions are made and see that the process is fair and consistent. While the authority must then follow its policies and criteria, it must also consider any special circumstances so as to determine whether there are exceptional reasons which justify a decision more favourably to the applicant that what the policy would normally provide. Where the authority has a discretion to confer a benefit, it should not fetter its discretion by operating a policy which purports to specify in advance circumstances where the discretion will never be exercised.

Background Papers

Local Government Finance Act 1988
Localism Act 2011

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Signed

Cllr Denise Hyland
Leader of the Council

Dated

Not before

Call-in deadline date
## Reconsideration of Current Guidelines

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<tr>
<th>Criteria</th>
<th>Current Policy</th>
<th>Commentary</th>
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<tr>
<td><strong>Grant Aided Organisations</strong></td>
<td>In the case of bodies grant aided by the Council, 20% discretionary relief to be allowed if the organisation is a registered charity and 100% in any other case, so long as their main objectives fall within the provisions of Section 47 of the Local Government Finance Act 1988. The amount of grant aid to be reduced by the total amount of the rate relief awarded.</td>
<td>There seems little benefit in changing this criterion. Any relief granted is offset against the level of grant that would otherwise be given to these organisations.</td>
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<tr>
<td><strong>Charity Shops and Offices</strong></td>
<td>No discretionary rate relief to be allowed to charity shops. In the case of charity offices, 20% discretionary rate relief to be allowed to charitable organisations receiving mandatory rate relief in respect of the premises in question.</td>
<td>This category was last amended by Members in February 1998 and was reconsidered (with no amendment) in June the same year.</td>
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| **Community Centres and Old People’s Clubs** | These organisations tend to be charities and as such qualify for mandatory relief. For such cases as community centres and old people’s clubs:  
(a) in the case of organisations registered as charities and receiving mandatory rate relief in respect of the premises in question, no discretionary rate relief where the organisation has a licensed bar, or 20% where the organisation has no licensed bar, OR  
(b) in the case of other organisations, 25% where the organisation has a licensed bar, or 100% where the organisation has no licensed bar. | There do not appear to be any particular reasons to amend this criterion.                                                                                                                                                                                                  |
| **Scout, Guide and Youth** | Scout and guide groups qualify for mandatory relief owing to their charity status. Youth clubs, unless registered charities, | This category was last amended by Members in January 1999.                                                                                                                                                                                                             |
| Clubs | would not do so.  
20% discretionary rate relief to be granted to scout and guide groups qualifying for mandatory relief as charitable organisations, but no discretionary rate relief to be granted to other charitable organisations so qualifying under this heading. 25% to be allowed to non-charitable organisations. |
| Sports Clubs | No discretionary relief to be granted to sports clubs that are charities, but 25% discretionary relief to be granted to other sports clubs, provided in general that the main objective of the organisation is the promotion of sport, they have open membership and that membership is drawn predominantly from within the borough or its immediate boundaries. |
| | Changes were introduced under the Local Government Act 2003, that enable registered Community Amateur Sports Clubs (CASCs) to be eligible for 80% mandatory rate relief from 1 April 2004. To qualify, they must be registered as such with HMRC. CASCs must be open to the whole community, run as an amateur club, be a non-profit making organisation and aim to provide facilities for (and encourage people to take part in) eligible sports.  
There do not appear to be any particular reasons to amend this criterion. |
Criteria for discretionary relief

The following areas are considered when assessing applications for DRR. None of the following criteria are inclusive or exclusive. Each application will be considered on its own individual merits. Each criteria is of equal weight.

1. Access
   - Is membership open to all sections of the community, or fulfilling a special need with the community?
   - Are particular groups (e.g., People with disabilities, old age groups, young people under 16, women, minority groups) within the community actively encouraged to join or participate with the organisation?
   - Do membership fees preclude open access (discounted rates for particular groups in the community)?
   - Are facilities made available to people other than members, such as schools or community groups?

2. Provision of facilities
   - Is there a measurable contribution to the amenities in the area (loss would affect the area’s residents)?
   - Is education or training provided to members and non-members?
   - Are facilities provided that supplement or replace our services?
   - Is there a licensed bar, is it incidental to the main purpose of the group?
   - Is it part funded by Royal borough of Greenwich?

3. Are facilities provided by Other Service Providers?
   - Are the services provided by the applicant also provided by other organisations?
   - Would granting Relief advantage the Organisation to the disadvantage of other service providers?
   - Does the Royal Borough of Greenwich provide the services offered by the applicant?

4. Local services
   - Is membership represented mainly by residents within the Royal borough of Greenwich?
   - The number of residents, within the Royal Borough of Greenwich, directly benefiting from services provided or main objectives of the organisation?

5. Financial implications
   - Finances of the organisation, payment of rates would affect provision of its objectives

6. The cost to the council
   - What financial cost the Royal Borough of Greenwich will incur by awarding relief.
   - When considering the Council Tax payers of the Borough, is the granting of relief appropriate?