

## **Business Rates Rate Relief Policy (Charitable and Not For Profit)**

### **Introduction**

If you are a charitable or non-profit-making organisation, chances are you will be paying National Non-Domestic Rates (NNDR, also known as Business Rates). NNDR is payable on any non-residential property, whether it's a shop, an office, or even a beach hut or an advertising hoarding.

For charities fitting the legal criteria in NNDR legislation, there is an 80% reduction in your bill, paid for by Central Government. The Local Authority then has discretion to "top-up" this rate relief using a mixture of local funds and government help. There is also the discretion to award up to 100% reduction for non-profit making organisations.

Funds are extremely limited. There is an existing policy and procedure to allocate the discretionary relief. However, we have reviewed the criteria to make a more robust decision-making process. What we cannot do is help everybody, which is why it is essential that the policy is tough but fair. We would like your views on whether the new process achieves that aim.

The new criteria are not very different from the old ones. In writing this suggested policy, we have looked at equivalent policies of other Local Authorities, as published on the internet, and also the Council's current priorities, as set out in the Corporate Plan available on the Council's website.

In the consultation, we want you to tell us if you think we have achieved the aim of making a process that is:

- **Robust**
- **Fair**
- **Focussed on reasonable and realistic considerations**

**The first section sets out the background to the discretionary rate relief power.**

### **1. Introduction**

1.1 The Local Government Finance Act 1988 sets out conditions for reducing the Business Rates burden on charities, non profit-making organisations and recreational clubs.

1.2 The categories of rate relief covered by this policy are:

- Charitable Rate Relief (for properties used wholly or mainly for charitable purposes, and occupied by a registered charity, or for registered Community Amateur Sports Clubs)

- Not For Profit Rate Relief (property used by a club or organisation for the purposes of recreation, or otherwise occupied by an organisation for a non-profit making or charitable purpose, or for social welfare, education, science, literature or fine arts)

## **2.1 Purpose of Charitable and Not for Profit rate relief**

2.2 The remit of this policy is to provide rate relief to charitable and non-profit making organisations, whose aims and outcomes mirror some or all of the priorities of Brighton and Hove City Council, as set out in Appendix 1.

2.3 This policy sets out the criteria for applying discretion, to ensure value for money, fairness and consistency in a context of very limited funds.

### Question 1

Do you agree with the remit of the policy?

### Question 2

A recipient of Discretionary Rate Relief must have aims and outcomes that mirror some or all of the priorities of Brighton and Hove City Council. This is so that our discretion is used in a way that matches the needs of the city as set out in the Corporate Plan. Do you agree with the way the discretion is linked to Council priorities?

## **3.1 Decision Making process**

3.2 The annual budget for the discretionary element of charitable / not for profit rate relief shall be set in advance of the start of each financial year by the Head of Revenues and Benefits. The budget will be administered and monitored by the Revenues and Benefits Managers.

3.3 Upon receiving an application for relief, the Business Rates Team Leader will make a recommendation.

3.4 The recommendation will be escalated to a Revenues and Benefits Manager, who will then approve or decline rate relief.

3.5 The decision will receive final authorisation from the Assistant Director of Customer Services and Information, or equivalent.

3.6 The Business Rates Team Leader will write to the business to explain the decision.

### Question 3

Is the decision-making process fair?

## **4.1 Disputes Process**

4.2 If the applicant disagrees with the decision made by the Assistant Director, he or she can dispute the decision by writing to the Business Rates Team.

4.3 The original decision will be reviewed by a Revenues and Benefits Manager. This will be, as far as is practicable, a manager who did not make the original decision. The manager will make a recommendation on whether or not to change the decision.

4.4 The dispute recommendation will receive final authorisation from the Assistant Director of Customer Services and Information, or equivalent.

4.5 The appellant will be notified whether or not their dispute was successful.

### Question 4

Is the disputes process fair?

The next section deals with the criteria for getting Discretionary Rate Relief. Some of the criteria is set down in legislation and cannot be altered. However, we would like your comments on the discretionary elements that are set out in Section 8.

## **5.1 Criteria**

5.2 The discretionary element will be considered on the merits of individual cases, according to the criteria set out in Paragraph 8 and no blanket policies will apply.

5.3 The fund for discretionary rate relief is cash limited and as such, not all applicants will be successful.

5.4 The ratepayer must supply evidence reasonably requested by Brighton and Hove City Council during the application process, otherwise the application may fail.

## **6.1 Qualifying criteria for categories of charitable / not for profit rate relief**

### **6.2 Charitable rate relief**

**6.3** The following legal criteria must be met to qualify for charitable rate relief:

#### 6.4 Charities

- Property used wholly or mainly for charitable purposes *and*
- Occupied by an institution/organisation established for
  - i) Charitable purposes only *or*

- ii) Occupied by any persons administering a trust established for charitable purposes only

#### 6.5 Community Amateur Sports Clubs

- Ratepayer is a registered Community Amateur Sports Club *and*
- Property used wholly or mainly for the purposes of that club and other such registered clubs

6.6 If the above criteria are met in either category, 80% mandatory rate relief must be awarded and this is met entirely by central government.

6.7 The Billing Authority may use its discretion to award up to a further 20% on top so that the combined value is a maximum 100% rate relief. The cost to the local taxpayer is 75% of the discretionary top up, while central government pays for the remaining 25%.

6.8 The criteria in Paragraph 8 are used to establish eligibility for discretionary relief.

#### 7.1 **Not for Profit organisations**

7.2 The following legal criteria must be met to qualify for Not For Profit Rate Relief:

##### Not for profit organisations

- Ratepayer is a non-profit making body *and*
- Property is used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or the fine arts.

##### Clubs, societies and recreational organisations

- Property wholly or mainly used for 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.

7.3 This category is not a mandatory rate relief. However, at its discretion the Billing Authority can award up to 100% rate relief. Central government bears the cost of 75% of the award given, while the Billing Authority covers the remaining 25%.

7.4 The criteria in Paragraph 8 are used to establish eligibility for discretionary relief.

#### 8.1 **Discretionary Criteria**

##### Question 5

**Please comment on each of the criteria set out below**

8.2 The aims of the organisation should mirror or complement one or more council priorities, as set out in Appendix 1

Agree/Disagree. Comments

8.3 The financial health of the organisation will be taken into account, including its assets, uncommitted reserves and general ability to pay. If an organisation has a good ability to pay, it is unlikely to receive an award of rate relief. On the other hand, it is expected that the organisation should show some capability of helping itself by having a fund raising / income generation strategy that would under normal circumstances sustain it.

Agree/Disagree. Comments

8.4 The future prospects for survival or continuation / expansion will be taken into account. If an award is unlikely to make a positive impact on these prospects, it may not be in the interests of local taxpayers to support the application.

Agree/Disagree. Comments

8.5 Faith , religious or belief groups will be excluded if they are solely promoting that faith, religion or belief.

Agree/Disagree. Comments

8.6 Consideration will be given to the proportion of members / users who are Brighton & Hove City Council residents and this may affect the amount of the award.

Agree/Disagree. Comments

8.7 The organisation should operate robust Equalities policies or practices.

Agree/Disagree. Comments

8.8 In the case of Not For Profit Rate Relief, there must be a democratic decision-making process governing the organisation.

Agree/Disagree. Comments

### **9.1 Duration of award**

9.2 Whilst awards will usually be for one year, longer awards may be given depending on the needs of the organisation applying for help. However, the award cannot exceed the end of the valuation period during which the application is made. Consideration will be given to the need to manage the overall limitations of the fund, as well as the needs of the organisation applying for help.

9.3 Awards of DRR will be reviewed before the end of an award period to see if further help can be given. A review form will be sent to the applicant to complete and return and the same decision process will be applied as has already been outlined in section 3 onwards.

At the moment, awards are generally made for either 2 or 3 years. By creating a broader range of award periods, but with one year as the basic starting point for consideration, it is anticipated that we will be able to adapt more flexibly to one-off financial demands, leaving more funds for other applicants. We also have to be realistic about the current economic climate and whether future years will be funded in the same way. This is why we conduct regular reviews as a way of checking we can still afford the help, and that the organisation is still entitled.

**What is a “valuation period”?**

Every five years, the government’s Valuation Office Agency looks at every property that is liable to pay NNDR and carries out a wholesale revaluation. New rates are announced for each property and this determines how much NNDR is payable. A “valuation period” is the lifespan of that valuation, and each valuation period lasts for five years. The current valuation period runs from April 2010 to March 2015.

Question 6

Is the suggested approach to the timespan of an award reasonable, given the limited nature of the fund and the fact that there are many applicants?

Question 7

Any other comments?

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## **Brighton and Hove City Council Priorities 2008-2011**

**Protect the environment while growing the economy**

**Better use of public money**

**Reduce inequality by increasing opportunity**

**Fair enforcement of the law**

**Open and effective city leadership**

### **PRIORITY ONE**

**Protect the environment while growing the economy**

Maintaining economic growth in the city is vitally important. Growth will provide new opportunities in the city for those currently out of work, or for those who want to find higher-skilled jobs. Changing population patterns mean the city will need to create eight thousand new jobs over the next ten years just to maintain its current employment rate. To improve on our current employment rate, we will need even more. In creating opportunities for growth, we understand the responsibility we have for improving and protecting our special natural and urban environment. We want to make Brighton & Hove a city where people can get around easily, and where better urban spaces encourage people to walk and stay. We also want to reduce the city's carbon footprint, and play a full part in tackling the international challenge of climate change.

### **PRIORITY TWO**

**Better use of public money**

The council spends over £700m of public money each year, and it is our responsibility to ensure that it is well spent. We will set council tax rates as low as we can, bearing in mind the need to support essential services and invest in the city's long term success. We will manage our existing financial and property resources carefully, redeveloping or selling surplus or underperforming assets. We will actively pursue those who do not pay money that they owe. We will also keep the costs of delivering services under careful review to give each pound that is spent maximum impact. At the same time, we will continue to maximise the external funding we receive from Europe, the National Lottery, central government and other sources, to deliver specific projects that support the needs of the city.

### **PRIORITY THREE**

**Reduce inequality by increasing opportunity**

Despite the city's economic growth and considerable investment in regeneration by the city council, too many of our citizens are still disadvantaged by lack of skills, poor health, poor employment opportunities and difficulties accessing services. Our approaches will focus on preventing people falling into disadvantage in the first place and proactively working to equip people with the opportunities to rise out of it. Much good work has been carried out but funding for many initiatives is now coming to an end. We have undertaken major new research on deprivation in the city, which has shown that deprivation is much more dispersed through the city than had previously

been thought. It also showed that worklessness is one of the fundamental elements of deprivation in the city today. We will therefore increase people's opportunities for work, support those already working to stay in work and progress, and collaborate with other authorities to alleviate poverty wherever it is found.

#### **PRIORITY FOUR**

##### **Fair enforcement of the law**

We want to make Brighton & Hove a city where people are safe and feel safe, no matter where they are. No-one has the right to curb others' peaceful enjoyment of our city, so we will work with police to get results on antisocial behaviour, and we will reduce fear of crime. We are proud of our city's tourist trade, but we will not allow visitors to abuse our hospitality and inconvenience our residents. We will encourage people to be responsible, not through regulation and lecturing, but through firm action and consistent enforcement.

#### **PRIORITY FIVE**

##### **Open and effective city leadership**

We want to talk to, and listen to, everyone in the city. Our new City News gives residents better information about work going on in their city. Over the next three years we will be changing the way we do business to include more of the city's residents, and to encourage them to get involved in local groups and communities. Our new cabinet system will work in an open and transparent way, with public access to every meeting, and a new council scrutiny system to advise on the decisions we make. We want people to feel they can talk to the council and be heard. We want to work in ways that meet people's needs and don't disadvantage members of particular groups and communities.

For specific details see the Brighton & Hove City Council Corporate Plan at [www.brighton-hove.gov.uk](http://www.brighton-hove.gov.uk) (enter "corporate plan" in the website search box)