

Item No.	Classification: Open	Date: 24 March 2011	Decision taker: Cabinet Member for Finance, Resources and Community Safety
Report title:		Amendment to the Non Domestic Rates Discretionary Rate Relief Policy	
Ward(s) or groups affected:		All	
From:		Duncan Whitfield – Director of Finance	

RECOMMENDATION(S)

1. That the duration of award of Discretionary Rate Relief is reduced from two years to one year with effect from 1 April 2011.
2. That in all other aspects the policy remains unchanged.

BACKGROUND INFORMATION

Legislative Background

3. Section 47 of the Local Government Finance Act 1988 gives billing authorities the discretion to award relief in two circumstances:
 - i) Where the ratepayer is a registered charity or certain other charitable organisation
 - ii) Where the ratepayer is an organisation which is not established or conducted for profit and whose main objects are or concerned with:
 - Philanthropic, education, social welfare, science, literature, fine arts, a club, a society, sport, recreation or religious
 - Registered charities are entitled to a mandatory rate relief of 80% for properties which are occupied for charitable purposes. The Council has discretionary powers to award further rate relief of up to 20% (this is commonly referred to as ‘top up’ relief).
 - Non profit making organisations can apply for discretionary relief providing they satisfy the Council’s requirements.

Organisation currently in receipt of the relief

4. There are currently 258 organisations in Southwark who receive the relief of which;
 - 247 are in receipt of the relief as a “top up” to their 80% relief as a charitable organisation

- 11 are in receipt of the relief as a “not for profit” organisation.

The cost of awarding Discretionary Rate Relief

5. Relief is funded partly from the Council’s general fund and partly by the Government through the Non-Domestic Rates Pool. The percentage of the relief that must be funded by the Council is:

For ‘top up’ relief to charities 75%
For other discretionary relief 25%

6. The cost to the Council of awarding the relief for the last 3 years is;

2008-09	- £165,357.92
2009-10	- £305,053.75
2010-11	- £339,803.52

KEY ISSUES FOR CONSIDERATION

The proposed policy change

7. The Discretionary Rate Relief policy was agreed in April 2009 and all existing criteria and levels of relief awards would continue to apply with the exception of the duration of the award period.
8. The current policy provides for duration of awards of relief to last for 2 financial years and, once awarded, commits the Council financially to this period unless there is a change in the circumstances or status of the organisation.
9. All organisations are invited to make a new application in the financial year in which their relief ends.
10. The proposed change, whilst not affecting the criteria or financial awards for existing or new organisations who qualify, will allow the Council greater flexibility and to be more responsive to future policy changes.

Community impact statement

11. This decision has been judged to have no or very little impact on local people and communities.

Resource implications

12. The recommendation will require all organisations to apply for the relief each year rather than every 2 years so there will an increase in the administration of the relief which will be met from existing resources.
13. There are no financial or budget issues.

Consultation

14. Outside of the length of the relief award period, all other aspects of the policy remain unchanged. It is considered a minor change to the existing policy and consultation has not been undertaken.

Strategic Director of Communities, Law & Governance

15. As identified above, Section 47 of the Local Government Finance Act 1988 provides a discretionary power for the billing authority to grant rate relief in respect of a non-domestic property occupied by certain bodies not established or conducted for profit.

16. It is the responsibility of the billing authority to agree and set the duration of the award of such relief.

17. There are no other legal implications.

Finance Director

18. This change in policy will have no financial impact apart from the increased cost of administering the grant, which can be met from existing resources. The NNDR relief budget will be abolished with effect from 2012-13 so the award of 1 year grants only means the saving can commence on target.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Discretionary Rate Relief Policy	Revenues and Benefits 2 nd Floor, Hub 4, 160 Tooley Street, Southwark	Norman Lockie 020 7525 0928

APPENDICES

No.	Title

AUDIT TRAIL

Lead Officer	Dominic Cain – Assistant Director of Revenues & Benefits
Report Author	Norman Lockie – Operations Manager – Revenues
Version	Final

Dated	24 March 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Officer	24 March 2011	