

DISCRETIONARY RATE RELIEF

The Local Government Finance Act 1988 provides for rate relief for certain sorts of organisations.

The Council can grant discretionary relief to:

1. Charitable organisations (up to 20%, as charitable organisations are already eligible for 80% rate relief). Community Amateur Sports clubs (CASC's) that have registered with the Inland Revenue fall into this category.
2. other organisations or institutions that are not established 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 (up to 100%).
3. properties occupied by not-for-profit sports or social clubs or society, or other organisations for the purpose of recreation (up to 100%).
4. "Hardship" relief, where the ratepayer is experiencing difficulty paying and it is in the best interest of its council tax payers to grant relief (up to 100%).

Who pays for the scheme?

Some of the cost of rate relief is borne by Central Government from the national non-domestic rate relief (NNDR) pool.

The cost to the Council of granting rate relief varies according to circumstance, as set out in the following table:

Level of relief	Spelthorne Council tax funded	Central Government NNDR pool funded
Mandatory relief of 80%, where applicable	0	100%
Up to 20% additional discretionary relief for charitable organisations	75%	25%
Up to 100% discretionary relief for other eligible organisations	25%	75%
Up to 100% discretionary relief on grounds of "Hardship"	25%	75%

Policy for granting relief

In formulating its policy for discretionary rate relief the Council has taken into account the following factors:

The extent to which the organisation:

- Meets local needs in the community, and either
- Provides a valuable service to the community, or
- Provides facilities which indirectly relieve the Authority of the need to do so subject to the conditions that:
 1. Membership, where appropriate, or facilities, are available to the general public and not unduly restricted; and
 2. Premises are not used for sales of a commercial nature on more than ten occasions in any one year

It also reflects the Council's Vision, Values and Key Corporate Objectives and Priorities, most significantly in relation to meeting the needs of the vulnerable

(A) Organisations that WILL normally eligible for discretionary rate relief

The following categories of organisations will be eligible for maximum relief,

- Official Scout and Guide Organisations, Boys Brigade and Youth Clubs shall be granted discretionary rate relief from the remaining rate liability (20%), provided they can demonstrate that their premises are used solely or mainly by them, or by them and other non-profit making services, for the benefit of the Community.
- Organisations whose main objectives are charitable, philanthropic, religious, or concerned with education, social welfare, science, literature or the fine arts. Eg; CAB, Red Cross, RSPCA, St John's Ambulance, Salvation Army and other similar organisations.
- Village/Parish Halls and Community Centres to qualify for 100% of relief.
- Day Centres for the elderly and for special needs groups to qualify for 100% of relief.
- Non profit making organisations will receive 100% discretionary relief if they provide facilities which indirectly reduces the requirement of the Authority to do so such as leisure, sport, recreational, arts facilities.
- To grant all CASC 20% discretionary relief subject to the following six criteria being satisfied :-
 - membership open to all.
 - membership encouraged from children, disabled or other disadvantaged groups.
 - the club facilities are of benefit to all.
 - membership fees are not excessive.
 - if bar receipts are excessive, further enquiries will be made to ascertain the ratio of playing to non playing members.
 - no payments are made to playing members.
- Where sporting or recreational pursuit clubs have been unable to register as a CASC, 100% discretionary relief will be granted subject to the following six criteria being satisfied :-
 - membership open to all.

- membership encouraged from children, disabled or other disadvantaged groups.
- the club facilities are of benefit to all.
- membership fees are not excessive.
- if bar receipts are excessive, further enquiries will be made to ascertain the ratio of playing to non playing members.
- no payments are made to playing members.

(B) Organisations NOT normally eligible for discretionary rate relief

1. National or regional offices of a charitable organisation. However, the administrative offices of charitable organisations providing wholly or predominantly for the community of Spelthorne will be considered for full relief.
2. No organisation having a permanent bar serving alcohol will be given rate relief where the bar receipts are not excessive (less than 50% of total income).
3. No discretionary relief will be granted to voluntary aided, voluntary controlled or grant-aided schools
4. To grant only the mandatory relief to charity shops, not any discretionary element, so that they are not given an unfair advantage against other shops.

(C) Hardship relief

Hardship should only be granted if the authority is satisfied that:

- (a) The ratepayer would sustain financial hardship if the authority did not do so
- (b) It is reasonable for the authority to do so, having regard to the interests of the persons subject to Council Tax

To qualify for hardship relief, a business will:

- generally be that of a general store, a post office, the only service provider or large employer in the area ;
- generally be the only business of that nature within the settlement area;
- provide evidence to support the application;
- provide a copy of the latest set of audited accounts for the business.

The following conditions will also apply:

- before reaching a decision the views of portfolio members will be sought;
- the maximum amount of the relief that will be permitted will be 100% of the net rate liability
- applications will be reviewed annually

The interests of the individual ratepayer will be balanced against the wider interest of the taxpayers and the potential impact on the local community. The 'interests' of

council taxpayers in an area go wider than direct financial interests. For example, where the employment prospects in the area would be worsened by a company going out of business, or the amenities of an area might be reduced by, for instance, the only provider of a service in the area.

The hardship caused may be, for example where a business has been affected by severe loss of trade due to external factors such as natural disasters. However, the Council will wish to consider how the business can demonstrate such loss of trade or business. For example, do accounts, order books, till receipts or VAT returns show a marked decline in trade compared to corresponding periods in previous years?

