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Report Number **C/22/83**

To: Councillor David Monk, Leader of the Council
Date: 25 January 2023
Status: Non-Key Decision
Corporate Director: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader of the Council
Subject: NDR DISCRETIONARY RATE RELIEF - FINANCIAL YEAR 2022/23

SUMMARY: This report outlines the regulations in respect of Non Domestic Rates rate relief for charities, other non-profit making organisations, village shops, post offices and other rural premises and cases of hardship relief. The report considers applications for rate relief received for 2022/23 and seeks approval to grant rate relief as recommended in appendix 1.

REASONS FOR RECOMMENDATION:

The Cabinet Member for Finance is asked to agree the recommendations set out below because agreement is needed on the applications for relief to be granted or refused in accordance with the approved criteria.

RECOMMENDATIONS:

1. To receive and note Report C/22/23.
2. To approve rate relief as summarised in appendix 1 of this report.

1. INTRODUCTION

1.1. The Local Government Finance Act 1988 provides for Non-Domestic Rate relief to be awarded for certain types of organisations and businesses.

2. THE SCHEME

2.1. The Council can grant discretionary relief to:

1. Charitable organisations, including Community Amateur Sports Clubs (CASCs) that have registered with the Inland Revenue. (up to 20%, as they are already eligible for 80% mandatory rate relief).
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 societies, or other organisations for the purpose of recreation. (up to 100%).
4. Prescribed properties in rural settlements (up to 50%, as those properties are already eligible for 50% rate relief).
5. Non-prescribed properties in rural settlements with a rateable value less than £14,000 (up to 100%)
6. A ratepayer experiencing difficulty paying where it is in the best interest of its council tax payers to grant 'Hardship' relief (up to 100%).

2.2 50 per cent of the cost of the scheme is borne by Central Government and 10 per cent is borne by Kent County Council and Kent Fire and Rescue. The cost to the Council of granting rate relief varies according to the circumstances of the requesting applicant. This is summarised in the table below:

Type of Rate Relief	Percentage met by Folkestone & Hythe District Council	Percentage met by Central Govt
Mandatory Relief for charitable organisations and CASCs(80% where applicable)	40%	50%
Up to 20% additional discretionary relief for charitable organisations and CASCs	40%	50%
Up to 100% discretionary relief for other eligible organisations	40%	50%

Mandatory rural rate relief of 100% where applicable	40%	50%
Up to 100% discretionary rural relief	40%	50%
Up to 100% discretionary relief on grounds of 'Hardship'	40%	50%
Up to 100% discretionary relief paid under Localism Act	100%	0

3. GUIDELINES FOR CONSIDERATION OF DISCRETIONARY RATE RELIEF TO CHARITIES, COMMUNITY AMATEUR SPORTS CLUBS AND OTHER NON-PROFIT MAKING ORGANISATIONS

- 3.1. Sections 43 and 47 of the Local Government Finance Act 1988 specifically provides for a local authority to grant rate relief to charities and other non-profit making organisations. The Council is required to consider each application for rate relief on its merits and is advised to give reasons where relief is not allowed.
- 3.2. Guidance was issued by the then Department of Environment to assist local authorities in arriving at decisions. Based on this guidance the Council decided that the Grants and Rate Relief Advisory Board should take into account the following criteria when considering whether to grant rate relief and in determining the level of relief.
- a) Membership should normally be open to all sections of the community. There may be legitimate restrictions placed on membership which relate, for example, to ability in a sport or to the achievement of a standard in the field covered by the organisation, but clubs or organisations which have membership rates set at such a high level so as to exclude the general community or operate an exclusive system where membership is determined by the votes of existing members, should not normally receive relief.
 - b) Organisations actively encouraging membership from young people, disabled people, the elderly and other particular groups which the Council supports should be given more sympathetic consideration than those which make no effort to attract members from groups in the community which need help.
 - c) Consideration should be given to the extent to which membership is drawn from residents of Folkestone & Hythe.
 - d) The wider use of club facilities should be encouraged.
 - e) Consideration should be given to the extent of training or education provided for members.

- f) Consideration should be given to the extent to which the facilities have been provided or improved by the members themselves.
- g) The main purpose of the organisation should be examined to determine the nature of the activities carried out.
- h) The service provided to the community must be considered.
- i) The contribution which the organisation makes to the amenities of the area must be considered.
- j) Consideration should be given to the extent of involvement in local and national development of the organisation's interests.

3.3. In December 2015, a revised NDR Discretionary Rate Relief Policy was approved by Cabinet which provides further clarity around the process and evaluation that Folkestone & Hythe District Council undertakes in determining a decision on any relief awarded.

4. GUIDELINES FOR CONSIDERATION OF VILLAGE SHOP RATE RELIEF

- 4.1 The Local Government and Rating Act 1997 contains provisions for a village shop rate relief scheme which came into effect from 1st April 1998. The scheme enabled certain village shops/post offices, etc to receive rate relief if they meet a certain criteria and has now been extended to include certain petrol filling stations, public houses and food stores.
- 4.2 Section 7 in the NDR Discretionary Rate Relief Policy provides basic criteria and guidelines against which applications for discretionary rate relief from business rates are judged subject to each application being considered on its own individual merits.

5. GUIDELINES FOR CONSIDERATION OF 'HARDSHIP' RELIEF

- 5.1 Section 49 of the Local Government Finance Act 1988 provides that a billing authority may reduce or remit the whole or part of the rates payable by a ratepayer where it is satisfied that the ratepayer would sustain hardship if the authority did not do so and it is reasonable for the authority to do so having regard to the interests of its local council tax payers.
- 5.2 Section 8 in the NDR Discretionary Rate Relief Policy provides basic criteria and guidelines against which applications for discretionary rate relief in relation to 'Hardship' are judged subject to each application being considered on its own individual merits.

6. APPLICATIONS RECEIVED FOR 2022/23

6.1. The table below lists the new applications for relief and makes recommendations to the Member for Finance on the percentage and amount of relief to be granted for the 2022/23 financial year.

7. SUMMARY OF RECOMMENDED RELIEF FOR 2022/23

7.1. If all of the recommended grant relief listed in appendix 1 is awarded, the total cost of discretionary relief for 2022/2023 will be as follows:

Category of Discretionary Relief	Costs met by Folkestone & Hythe District Council (40%)	Costs met from Central Govt (50%) & other preceptors (10%)	Relief Granted
Other Non-registered Charitable Organisations applications recommended	-	-	-
Registered Charities Top-up applications recommended	17,523.84	26,285.76	43,809.60
Registered Community Amateur Sports Clubs recommended	-	-	-
Total Discretionary Rate Relief	17,523.84	26,285.76	43,809.60
'Hardship' Relief recommended	0	0	0
Total 'Hardship' Rate Relief	0	0	0
Overall Total	17,523.84	26,285.76	43,809.60

2022/23 Discretionary Rate Relief Budget

- 7.2 New recommended awards contained in appendix 1 total £43,809.60 in Discretionary Rate Relief (£17,523.84 FHDC share).
- 7.3 It should be noted that the scheme allows for applications to be determined up to six months after the financial year to which they apply and there may be further applications for the 2021/22 financial year up to the end of September 2022.
- 7.4 The below table includes the running total for 2022/23 including awards made prior to those recommended in this report:

Category of Discretionary Relief	Costs met by Folkestone & Hythe District Council (40%)	Costs met from Major preceptors (60%)	Relief Granted
Other Non-registered Charitable Organisations applications recommended	3,313.36	4,970.04	8,283.40
Registered Charities Top-up applications recommended	56,005.24	84,007.87	140,013.11
Registered Community Amateur Sports Clubs recommended	3,015.94	4,523.93	7,539.87
Total Discretionary Rate Relief	62,334.54	93,501.84	155,836.38
Total 'Hardship' Rate Relief	0	0	0
Overall Total	62,334.54	93,501.84	155,836.38

- 7.5 New total relief granted £155,836.38 (FHDC share £62,334.54).

8. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

8.1 Legal Officer's comments (NM)

Under the Local Government Finance Act 1988 (as amended) ('the LGFA') the Council is required to give rates relief of 80% of the business rates

liability to organisations established for charitable purposes. In addition the Council has discretionary power under the LGFA to increase such rate of relief to charities and to award discretionary rate relief to certain other organisations. The Council adopted its revised Non-Domestic Rates Discretionary Relief Policy in December 2021: the Council must ensure that any application for discretionary rate relief is assessed against the criteria set out in that Policy and the LGFA. Applications must be determined no later than 30 September of the following financial year for which the relief is sought. Application forms should be received no later than 31 August although the Council may use its discretion to accept a form after this date but the determination must, by law, be made by 30 September.

8.2 Finance Officer's comments (BT)

The overall cost to the council, including the new recommended awards outlined in this report, is £62,334.54 (Para 7.4). This is in line with expectations of overall relief to be awarded this financial year, with costs charged to the Council's Collection Fund. Overall levels of relief awarded are monitored on a regular basis and the Council has thus programmed the impact of these costs into its Collection Fund account.

8.3 Equalities and Diversities Implications

An Equal Treatment Assessment (ETA) has been undertaken on the new policy that supports this report. Actions identified within that ETA will be addressed through an annual review of the policy to ensure a match exists between corporate objectives and the needs of the community and to ensure the eligibility of receiving organizations.

8.4 Climate Impact Implications

There are no Climate Change Implications arising from this report.

9. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer:-

*Jo Robinson, Business Rates and Corporate Debt Senior Specialist
Telephone: 01303 853350 E-mail jo.robinson@folkestone-hythe.gov.uk*

The following background documents have been relied upon in the preparation of this report:

NDR Discretionary Rate Relief Policy