

**Agenda Item No:** n/a **Report No:** n/a  
**Report Title:** Application for Discretionary Rate Relief  
**Report To:** Leader of the Council **Date:** 18 July 2011  
Councillor Tony Nicholson  
**Ward(s) Affected:** All  
**Report By:** Director of Finance  
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**Purpose of Report:**

This report puts forward one application for discretionary rate relief. The Leader of the Council has delegated authority to grant discretionary rate relief, within guidelines approved by Cabinet, with the value of the relief limited to £5,000 per person/body.

**Officers Recommendation(s):**

- 1 To approve or refuse the application for discretionary rate relief as set out in this report.

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**Reasons for Recommendations**

- 1 One community organisation has submitted applications for discretionary rate relief and provided supporting information as appropriate. The Leader of the Council has delegated authority to determine this application.

**Information**

- 2 One new application has been received in respect of Discretionary Non-domestic Rate Relief. This has been reviewed against the Council's Policy which was approved by Cabinet in October 2005 following consultation with interested parties. The Policy and explanatory notes are attached for information at Appendix 1.
- 3 **Application for 20% 'Top-up' Discretionary Relief – Railway Land Wildlife Trust, Linklater Pavilion, Lewes**
  - (a) The Railway Land Wildlife Trust (RLWT) manages the Lewes Railway Land Local Nature Reserve in a partnership arrangement with the Council. This partnership has been in place since 1987 when the site was saved from development following a public enquiry. Designation as a Local

Nature Reserve (LNR) was achieved in 1995 and since that time the RLWT has carried out significant work to protect and enhance the LNR. A Junior Management Board of 8-15 year olds has a hands-on say in the way the LNR is managed.

(b) A long standing ambition of the RLWT was to build a pavilion at the site to provide:

- a venue for local community groups to meet and hold events
- a practical base to continue a Nature project for adults with learning difficulties and to extend this to schools within the area
- a centre where everyone can explore social and ecological sustainability
- a public archive mapping the changes likely to take place over the next 50 years
- a centre for environmental innovation and education

(c) This ambition was fulfilled in March 2011, when the construction of the Linklater Pavilion, which had started in September 2009, was finally completed. The Pavilion incorporates many sustainable elements, for example photovoltaic solar panels, a sedum roof, a ground source heat pump and its own water supply. The RLWT undertook significant fund raising to finance the construction of the Pavilion – with over £0.5million being secured from Mettyear Charitable Trust and Viridor’s Landfill Community Fund. The Council provided no funding to the project, but leases the site to RLWT for a peppercorn rent.

(d) In support of its application for ‘Top-Up’ discretionary rate relief, the RLWT has provided copies of its accounts for the last two years. These accounts include expenditure and income relating to the construction of the Pavilion which should be excluded when determining the underlying financial position of the RLWT. On that basis, RLWT’s gross expenditure in 2009/2010 was £2,300 and it incurred a small deficit of £500. £14,000 was held in reserves at the year end. However, the operating costs and income of the RLWT will increase considerably now that the Pavilion is in use. The RLWT’s business plan (summarised in a report to Cabinet in March 2009), indicated target annual income of £65,000 and running costs of £52,000, to generate a surplus of £13,000. The RLWT will manage its financial resources very closely to ensure that the role of the Pavilion can develop to the benefit of the whole community going forward.

(e) The NNDR position for 2011/2012 is as follows:

	£
Gross liability for property	9,418
less 80% mandatory relief received	<u>7,534</u>
Net liability	<u>1,884</u>

If 20% ‘Top-Up’ is awarded, the cost of the relief will fall as follows:

	Mandatory relief £	Discretionary relief £	Total £
Amount met by Lewes DC	0	1,413	1,413
Amount met by Government funding	7,534	471	8,005
	<u>7,534</u>	<u>1,884</u>	<u>9,418</u>

- (f) Conclusion – the RLWT is an important partner of the Council, and the Linklater Pavilion is on a site which the Council owns. Although only opened recently, the Pavilion appears to be well used by community organisations within the town. The value of Discretionary Relief is significant in terms of the overall financial resources available to the organisation. The criteria of the Council's Policy for awarding top-up discretionary rate relief are considered to be met and it is recommended that 20% 'top-up' discretionary rate relief is awarded to the Railway Land Wildlife Trust with effect from 1 April 2011.

#### 4 Financial Appraisal

If discretionary rate relief is awarded as recommended in this report, the overall cost to the Council in 2011/2012 will be £1,413. This can be met from the base budget. At present the total cost of discretionary rate relief awarded to all organisations is £97,690, compared with the budget for the year of £117,000. Once awarded, the cost of discretionary rate relief is outside the Council's direct control, being dependent on the rateable value of the premises occupied.

- 5 **Environmental Implications** - I have completed the Environmental Implications Questionnaire and there are no significant effects as a result of these recommendations
- 6 **Risk Management Implications** - I have completed the Risk Management questionnaire and this report does not require a risk assessment because the issues covered by the recommendations are not significant in terms of risk.
- 7 **Background Papers** - Application letters from organisations and accompanying accounting statements.
- 8 **Appendix 1** - Discretionary Rate Relief – Policy & Explanatory Notes

## **Appendix 1**

### **Lewes District Council Discretionary Rate Relief Policy and Explanatory Notes**

#### ***Overall objectives of the Policy***

This Policy is intended to

- (i) help the Council deliver its priorities and core statutory services
- (ii) help key partners deliver their priorities should they provide funding to award discretionary rate relief
- (iii) be equitable and balance the wider interests of the community with the resources made available from the Council Tax
- (iv) be clear to all of those involved - the organisations applying for relief, Councillors and officers, council taxpayers and any other interested parties
- (v) be based as far as possible on objective criteria rather than subjective judgements about an organisation's suitability for relief
- (vi) be simple to administer given the often minor amounts involved: organisations should not need to go through a complex process to apply for relief, and officers and councillors should not need to spend a substantial amount of time assessing applications
- (vii) offer stability to those organisations receiving relief – organisations should be able to expect that their relief will continue for the medium-term if their circumstances do not change.

#### ***The Policy***

1. The Council will not grant discretionary rate relief in respect of premises occupied by
  - education establishments (schools, colleges, universities, etc)
  - housing associations
2. The Council will not grant discretionary rate relief in respect of premises occupied by animal welfare organisations
3. The Council will limit its rate relief to mandatory rate relief where appropriate in respect of premises used as 'Charity Shops'
4. The Council will only award discretionary rate relief to organisations of which the majority of members, etc live within the Lewes District Council area
5. The residency condition (item 4 above) will be waived in the case of an organisation located close to the boundary of the District
6. The Council will award 20% 'top-up' discretionary rate relief to its key partners which are registered charities
7. The Council will award 20% 'top-up' discretionary rate relief in respect of village halls and community centres which are operated as registered charities
8. The Council will only award 20% 'top-up' relief to those charities which are activity based
9. The Council will only award 20% 'top-up' discretionary rate relief in those cases where the value of the relief is significant in terms of the overall financial resources available to the organisation
10. The Council will not award discretionary rate relief to sports clubs where they are able to achieve CASC status with assistance from the Inland Revenue

11. The Council will not award 20% top-up discretionary rate relief to sports clubs, unless it is essential to their continued operation
12. The Council will not award discretionary relief to those organisations which should be able to register as charities and where they have the capacity to do so.
13. The Council will only award discretionary relief to non-profit making organisations which enable membership and participation from all sectors of the community
14. The Council will refuse to award discretionary relief to an organisation which operates a bar other than where it is ancillary to the organisation's main activities
15. The Council will only award 50% discretionary rate relief in those cases where the value of the relief is significant in terms of the overall financial resources available to the organisation

### ***Discretionary Rate Relief - Explanatory Notes***

- 1.1 Under Sections 43 (5 and 6) and 45 (5 and 6) of the 1988 Finance Act hereditaments qualify for 80% mandatory relief if they are used by an Institution or organisation wholly or mainly for charitable purposes (or a person administering a trust established for charitable purposes). Registration under the Charities Act 1960 is conclusive evidence of charitable status. In addition, under Section 47 of the Act, authorities have discretion to top-up the relief in excess of the 80% mandatory to 100% relief. As a result of the Local Government Act 2003, from 1 April 2004 registered community amateur sports clubs (CASCs) are entitled to mandatory rate relief under sections 43 and 45 of the 1988 Act at the same level as charities. As with charities, billing authorities are allowed to top-up this mandatory rate relief with discretionary relief under section 47 of the 1988 Act.
- 1.2 Under Section 47 of the 1988 Finance Act authorities are also given discretion to award up to 100% relief for non-profit making bodies. Lewes District Council gives consideration to organisations which are youth and/or recreational/community orientated.
- 1.3 Discretionary relief is awarded where it can be reasonably determined by audited accounts that no profit is made.
- 1.4 Under Section 49 of the Act authorities have discretion to award up to 100% relief to village shops which provide an essential service to remote communities and which can demonstrate hardship by the submission of trading accounts.
- 1.5 Under the Local Government Rating Act 1997 authorities must award 50% mandatory relief to a "sole Post Office or General Store" in a designated rural community of 3,000 or less population and with a rateable value of £6,000 or less. The scope of businesses qualifying for this relief also extends to sole pubs or petrol filling stations with a rateable value of £9,000 or less.
- 1.6 The Rating (Former Agricultural Premises and Rural Shops) Act 2001 came into effect from 15 August 2001. This introduced a new five-year rate relief scheme to provide mandatory relief to all new small-scale non-agricultural businesses on farms to help diversification. Such properties with rateable values below £6,000 receive mandatory relief of 50% with authorities having discretion to top this relief up to a maximum of 100%. The Act also extended the village shop rate relief scheme to provide mandatory rate relief of 50% to all food shops in designated rural areas with rateable values below £6,000. Shops that mainly sell confectionery, food for consumption on the premises or hot food for consumption off the premises are not eligible for this relief. Authorities have discretion to top this relief up to a maximum of 100%.

1.7 The table below shows how the cost of rate relief is funded.

Type of Rate Relief	Cost to Council	Cost to Govt.
Charitable: mandatory relief (80%)	nil	100%
Charitable: 'Top-Up' discretionary relief (20%) including CASC's	75%	25%
Non-profit making: discretionary relief (max 100%)	25%	75%
Hardship: discretionary relief (max 100%)	25%	75%
Sole Post Office/General store: mandatory relief (50%)	nil	100%
Sole Post Office/General Store: discretionary relief (50%)	75%	25%