

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	18 FEBRUARY 2019
SUBJECT:	DISCRETIONARY BUSINESS RATES RELIEF FRAMEWORK – CHARITIES AND NON-PROFIT MAKING ORGANISATIONS
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS (PORTFOLIO HOLDER – FINANCE)
HEAD OF SERVICE:	MARC JONES (HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER)
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LOCAL MEMBERS:	NOT APPLICABLE

A - Recommendation/s and reason/s

RECOMMENDATIONS

- That the Executive adopts the current Discretionary Business Rates Relief Framework - Charities and Non-Profit Making Organisations as detailed in Appendix A for the financial year 2019/20 only and instructs the Head of Function (Resources) and Section 151 Officer to ensure that administrative procedures before 31 March 2019 advise relevant charities and non-profit making organisations that the policy will apply for 2019/20 only and will cease on 31 March 2020.
- That the Executive agrees that the public consultation on the framework is to be carried out by the Head of Function (Resources) and Section 151 Officer during the first half of 2019/20 with a revised framework coming into effect on 1 April 2020.

BACKGROUND

Non-domestic properties (apart from certain exemptions, such as agriculture, places of worship, property used by the disabled etc.) are liable to payment of non-domestic rates. These are commonly termed business rates although not all ratepayers are businesses in the ordinary sense. Indeed, the system of reliefs is partly designed to alleviate the burden of taxation on occupiers other than business.

Local Authorities in Wales must grant mandatory rate relief to charities provided for within the Local Government Finance Act 1998 (LGFA88), as amended by the Local Government Act 2003.

Under the LGFA88, local authorities can also grant discretionary relief or remission from rates up to 100% of the rates payable. This applies to the properties occupied by:-

- Charities (“20% top-up” in addition to 80% mandatory relief);
- Other non-profit making organisations.

The cost of granting discretionary business rates relief is borne in part by the Non-Domestic Rates (NDR) Pool (i.e. Welsh Government) and by local council taxpayers.

For example, the proportion borne by the Welsh Government in respect of non-profit making organisations is 90% of the cost. This means that every £1 spent by the Council buys relief worth £10 to the ratepayer.

However, in respect of the cost of the “20% top-up”, the proportion borne by the Welsh Government is

25% of the cost. This means that every £7.50 spent by the Council buys relief worth £10 to the ratepayer.

THE DECISION OF THE EXECUTIVE IN FEBRUARY 2018

On 19 February 2018, the Executive extended its Discretionary Business Rates Relief Framework – Charities and Non-Profit Making Organisations for one year. It also resolved that a public consultation on the framework was to be carried out during the first half of 2018/19 with a revised framework coming into effect on 1 April 2019. Even though a consultation document has been approved, no consultation has been undertaken as the service was aware of possible significant announcements from either the central Westminster or devolved Cardiff administrations with regard to possible further business rates relief for businesses. Such announcements could have an impact on the consultation to be undertaken.

What, in fact, was announced during 2018/19 by both administrations?

- The Welsh Government, on 10 December 2018, announced an enhanced and extended high street rates relief scheme for 2019/20. It had originally set up the high street rates relief scheme in April 2017 to support retailers affected by the 2017 revaluation. It was extended for 2018/19. The 2019/20 scheme goes further than in previous years, providing eligible businesses with up to £2,500 off their business rates bills. Retailers with a rateable value of up to £50,000 will benefit from the scheme and rates bills will be reduced to zero for properties with a rateable value of up to £9,100.
- The high street rates relief scheme is in addition to the small business rates relief scheme announced on 13 December 2017 by Welsh Government.
- **The Executive should note that charities and non-profit making organisations are not eligible for the high street rates relief nor the small business rates relief.** The relief that applies to charities and non-profit making organisations is governed by criteria as described earlier in this report (under **BACKGROUND**). The Council's Discretionary Scheme for such organisations needs to have regard to these new limits for high street rates relief and small business rates relief and, also, the fact that small businesses on the high street may now get 100% relief from business rates but charities and non-profit making organisations, under the current policy, may only get 80% relief – even though the rateable value may be the same.
- **The Executive is further asked to note that, when the new small business rates relief scheme was introduced in April 2018, it limited the number of properties eligible for small business rates relief to two per business in each local authority area, preventing larger businesses and national chains from benefiting from the scheme.** The service is still contacting businesses advising them of this requirement and is still identifying a number of properties where small business rate relief has been given from April 2018 but, in fact, it should not as the business had already received relief on two other properties in the Council's area.
- The UK Government and the Scottish Executive have announced their own enhancements to the small business rates relief and high street rates relief policies as a consequence of the Chancellor of the Exchequer's Autumn 2018 budget.
- The consultation document in respect of the Council's discretionary business rates relief framework has been amended to take account of these changes announced in December 2018. Currently, there is a budgetted spend of £60k on the Council as regards the current discretionary relief framework. Allowing for the financial arrangements with Welsh Government in providing discretionary relief to charities and non-profit making organisations, total relief given amounts to £209k – Welsh Government meeting the difference i.e. £149k.

- As there was a possibility of budgetary implications following such a consultation, and with the final financial settlement for 2019/20 not received until 19 December 2018, which included an additional £2.4m (non-hypothicated) support for small businesses nationally in Wales, the

timetable does not allow sufficient time to consult and for any revisions to the framework, with possible potential costings to be discussed and reflected in the proposed budget for 2019/20.

- Consequently, it is recommended that the current policy is adopted for a further year with the consultation being undertaken in the first half of 2019/20 allowing sufficient time for responses and budgetary implication, if any, to be considered with a new framework coming into effect from 1 April 2020.

B - What other options did you consider and why did you reject them and/or opt for this option?

The current relief policy has been a success, in that virtually no applications have been made that are not covered by the policy. This has led to a significant reduction in applications being considered individually.

Not to extend the current discretionary business rates relief policy for charities and non-profit making organisations would mean that each application would have to be dealt with individually by the Head of Function (Resources) and Section 151 Officer, taking account of guidance from Welsh Government and Executive guidance/policies. (See Council's Constitution – Scheme of Delegation to Specific Officers (Head of Function (Resources)/Section 151 Officer) and specific duty detailed under 3.5.3.5.19).

If the Executive is of the opinion that a consultation should be undertaken, the decision on the new framework would have to be delayed until March 2019 after completion of the consultation. If a decision is not made in March 2019, the Head of Function (Resources) and Section 151 Officer, as mentioned above, would have to deal with each case individually.

C - Why is this a decision for the Executive?

The decisions to grant relief from Business Rates to charities and non profit making organisations has been delegated to the Head of Function (Resources) and Section 151 Officer. The Executive is being asked to create guidance and a framework for the officer to refer to, ensuring consistency and fairness with regard to each decision.

CH - Is this decision consistent with policy approved by the full Council?

This policy contributes to the corporate aims of the Authority – mainly regenerating our community and developing the economy and transforming leisure services.

D - Is this decision within the budget approved by the Council?

A budget of £60k has been earmarked within the 2018/19 budget. Projected expenditure at the end of quarter 3 is £61k*. For the 2019/20 proposed budget, £60k has been allocated for the cost of the discretionary relief for charities and non-profit making organisations.

* This figure reflects adjustments for previous years during 2018/19, unlike Appendix A which shows figures relating to 2018/19 only.

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	

5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A – Business Rates Relief Framework for Charities and Non-Profit Making Organisations.		
FF - Background papers (please contact the author of the Report for any further information):		
Isle of Anglesey Executive decision 14 February 2018 A new Small Business Rates Relief Scheme for Wales 2018 High Street Rate Relief Scheme announcement 10 December 2018		

APPENDIX A

Category	Description	Mandatory	Discretionary	Total	Cost to Council	No
A (1)	Village Halls, Community Centres, Memorial Institutes, Old People Clubs, Scout and Guide	80%	20%	100%		

	Associations, Sea Cadets, Hospices, Playgroups	£122,825	£25,190	£148,015	£18,893	58
A (2)	Maritime safety	80%	20%	100%		
		£39,973	£8,198	£48,171	£6,149	6
B (1)	Recreation Clubs, Theatres, Band Rooms and Museums – (registered charity)	80%	20%	100%		
		£23,563	£4,911	£28,474	£3,683	8
B (2)	Recreation Clubs, Theatres, Band Rooms and Museums – (not a registered charity)	0%	100%	100%		
		£0	£127,875	£127,875	£12,788	30
C (1)	Educational organisations statutory or open to all	80%	20%	100%		
		£6,316	£1,295	£7,611	£971	1
C (2)	Educational organisations	80%	0%	80%		
		£366,029	£0	£366,029	£0	11
CH	Charity Shops	80%	0%	80%		
		£70,793	£0	£70,793	£0	19
D	Regeneration, Employment, Rehabilitation Organisations	80%	20%	100%		
		£5,934	£1,217	£7,151	£913	1
DD	Race equality and ethnic minority	80%	20%	100%		
		£0	£0	£0	£0	0
E (1)	Registered charity or a charitable purpose whose objectives have substantial common ground with Council objectives and which mainly serve Island residents	80%	20%	100%		
		£83,637	£17,152	£100,789	£12,864	6
E (2)	Not a registered charity but whose objectives have substantial common ground with Council objectives and which mainly serve Island residents	0%	100%	100%		
		£0	£17,858	£17,858	£1,786	5
F (1)	Registered charity or a charitable purpose whose objectives are supported by the Council but, either there is not substantial common ground with Council objectives, or they do not mainly serve Island residents	80%	0%	80%		
		£0	£0	£0	£0	0
F (2)	Not a registered charity and whose objectives are supported by the Council but, either there is not substantial common ground with Council objectives, or they do not mainly serve Island	0%	80%	80%		
		£0	£1,225	£1,225	£123	1
FF	Agricultural show grounds	80%	20%	100%		
		£19,813	£4,063	£23,876	£2,047	1
G	Not any of the above categories	Various	Various	Various		
		£0	£0	£0	£0	0
	Totals – 2018/19	£738,883	£208,984	£947,867	£60,217	147
	Cost per Band D – 2018/19				£1.96	