

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	19 FEBRUARY 2018
SUBJECT:	DISCRETIONARY BUSINESS RATES RELIEF FRAMEWORK – CHARITIES AND NON-PROFIT MAKING ORGANISATIONS
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH (PORTFOLIO HOLDER – FINANCE)
HEAD OF SERVICE:	MARC JONES (HEAD OF FUNCTION - RESOURCES AND SECTION 151 OFFICER)
REPORT AUTHOR:	GERIAINT H. JONES (REVENUES AND BENEFITS SERVICE MANAGER)
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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 2018/19 only and instructs the Head of Function (Resources) and Section 151 Officer to ensure that administrative procedures before 31 March 2018 advise relevant charities and non-profit making organisations that the policy will apply for 2018/19 only and will cease on 31 March 2019.
- 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 2018/19 with a revised framework coming into effect on 1 April 2019.

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 provided for within the Local Government Finance Act 1988 (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 2017

On 14 February 2017, the Executive extended its Discretionary Business Rates Relief Framework – Charities and Non-Profit Making Organisations for one year. It also resolved to delay the public consultation on the framework and that the Head of Function (Resources)/Section 151 Officer reported back to the Executive regarding the development of this framework for the future after taking into account the Welsh Government’s review of its relief for small businesses and the effect of the revaluation regarding the cost of the current policy during 2017/18.

During 2017/18, to date the following has occurred –

- The Welsh Government announced its new permanent small business rates relief effective from 1 April 2018 on 13 December 2017. The new scheme will limit the number of properties eligible for small business relief to two per business in each local authority, preventing larger businesses and national chains from benefiting from the scheme. The new permanent scheme seeks to provide more effective support for small and local businesses releasing £7m to support such businesses. It also amended the rateable value entitlement thresholds in some instances.
- The new permanent scheme will also provide – additional support for the childcare sector, targeted support for small hydropower projects, extend the temporary high street relief into 2018/19 and a further £1.3m for local authorities for 2018/19 to support local businesses which would benefit most from additional assistance.
- The effect of the revaluation on the discretionary business rates relief framework has been cost neutral with the cost for 2017/18 projected to be £60k in line with the current budget for the scheme for 2017/18.
- A draft consultation document in respect of the Council’s discretionary business rates relief framework has been completed (in both Welsh and English) and it was reviewed by the Finance Scrutiny Panel on 1 December 2017, who in principle, subject to possible consequential amendments arising from the Welsh Government’s new permanent small business rates relief and revision to the questions being consulted upon, accepted it as a worth while exercise to undertake. A limited spend on behalf of the Council would result, through financial arrangements with Welsh Government, in considerably more relief to charities and non-profit making organisations. An expenditure of £60k under the current framework resulting in £202k in relief from business rates costs to charities and non-profit making organisations.
- As there was a possibility of budgetary implications following such a consultation and with the final financial settlement for 2018/19 not received until 20 December 2017, which included the additional £1.3m of support for small businesses, 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 2018/19.
- Consequently, it is recommended that the current policy is adopted for a further year with the consultation being undertaken in the first half of 2018/19 allowing sufficient time for responses and budgetary implication, if any to be considered with a new framework coming into effect from 1 April 2019.

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 – Section 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 2018 after completion of the consultation. If a decision is not made in March 2018 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 2017/18 budget. Projected expenditure at the end of quarter 3 is £61k*. For the 2018/19 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 2017/18 unlike Appendix A which shows figures relating to 2017/18 only.

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	No comment
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	No comment
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):		
<p>Isle of Anglesey Executive decision 14 February 2017 Scrutiny Panel – Finance - Minutes 1 December 2017 The Non-Domestic Rating (Chargeable Amounts)(Wales) Regulations 2016 No. 1247(W.295) The Non-Domestic Rating (Small Business Relief) (Wales) Order 2017</p>		

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 Associations, Sea Cadets, Hospices, Playgroups	80% £114,606	20% £24,314	100% £138,920	£18,236	58
A (2)	Maritime safety	80% £37,298	20% £7,913	100% £45,211	£5,935	6
B (1)	Recreation Clubs, Theatres, Band Rooms and Museums – (registered charity)	80% £21,986	20% £4,740	100% £26,726	£3,555	8
B (2)	Recreation Clubs, Theatres, Band Rooms and Museums – (not a registered charity)	0% £0	100% £123,430	100% £123,430	£12,343	30
C (1)	Educational organisations statutory or open to all	80% £5,893	20% £1,250	100% £7,143	£938	1
C (2)	Educational organisations	80% £341,536	0% £0	80% £341,536	£0	11
CH	Charity Shops	80% £66,056	0% £0	80% £66,056	£0	19
D	Regeneration, Employment, Rehabilitation Organisations	80% £5,537	20% £1,175	100% £6,712	£881	1
DD	Race equality and ethnic minority	80% £0	20% £0	100% £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% £78,040	20% £16,556	100% £94,596	£12,416	6
E (2)	Not a registered charity but whose objectives have substantial common ground with Council objectives and which mainly serve Island residents	0% £0	100% £17,237	100% £17,237	£1,724	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	0% £0	80% £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 resident	0% £0	80% £1,182	80% £1,182	£118	1
FF	Agricultural show grounds	80% £18,487	20% £3,922	100% £22,409	£2,942	1
G	Not any of the above categories	Various £0	Various £0	Various £0	£0	0
	Totals – 2017/18	£689,439	£201,719	£891,158	£59,088	147
	Cost per Band D – 2017/18				£1.92	