

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	16 MARCH 2015
SUBJECT:	DISCRETIONARY BUSINESS RATES RELIEF POLICY - CHARITIES AND NON-PROFIT MAKING ORGANISATIONS
PORTFOLIO HOLDER(S):	COUNCILLOR HYWEL EIFION JONES (PORTFOLIO HOLDER - FINANCE)
HEAD OF SERVICE:	RICHARD MICKLEWRIGHT (ACTING HEAD OF FUNCTION (RESOURCES) AND 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 Policy-Charities and Non-Profit Making Organisations as detailed in **Appendix A** for the financial year 2015/16 only and instructs the Acting Head of Function (Resources) and Section 151 Officer to ensure that administrative procedures before 31 March 2015 advise relevant charities and non-profit making organisations that the policy will apply for 2015/16 only and will cease on 31 March 2016.
- The Executive authorises the Portfolio Holder (Finance) and the Acting Head of Function (Resources) and Section 151 Officer to review the current policy during 2015/16 and, if applicable, undertake a public consultation process. If, as a consequence of the review and any consultation undertaken, changes are recommended to the policy, it is the Executive's view that adequate lead time is given for Charities and non-profit making organisations to take into account the effect of any such changes on their organisations.

REASONS AND 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 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 relief against business rates is borne in part by the Welsh Government (from the National Pool with regard to Business Rates) and also by local taxpayers.

With regard to non-profit making organisations, the Government bears 90% of the cost, with the remaining 10% being borne by Anglesey taxpayers. This means that for every £10 granted in relief it only costs £1 for local taxpayers.

Other organisations, e.g. registered charities, have a statutory right to receive 80% in mandatory relief, the cost of which is borne entirely by the Welsh Government. If we grant additional discretionary relief (20%), only 25% of the additional discretionary relief is borne by the Government with local taxpayers bearing the cost of the remaining 75%. Consequently, every £10 in additional relief awarded will cost £7.50 to local taxpayers.

In March 2014, the Executive extended its Discretionary Business Rates Relief Policy – Charities and Non-Profit Making Organisations for one year only with the aim of undertaking a consultation on the Policy during 2014 -2015 so that a new Policy would then apply from April 2015.

During 2014/15, funding for a series of new business rates relief policies (both mandatory and discretionary) were made available by the Welsh Government with the aim of revitalising the high street and stimulate commercial development – some of which were not expected, for example - Open for Business Relief Scheme (Discretionary), New Business Development Relief Scheme (Discretionary), Wales Retail Relief Scheme (Discretionary) and Enhanced Local Needs Relief Scheme (Discretionary). In the main, these will come to an end in March 2015 or September 2015 or are being extended year on year by the Welsh Government, based on financial announcements by the Chancellor of the Exchequer in the Autumn statement each year, for example, the mandatory Enhanced Small Business Rate Relief Scheme.

The Executive or the Portfolio Holder (Finance) (under delegated authority) agreed and adopted all the new discretionary policies. Uptake on discretionary relief policies by businesses on the Island have shown a varying degree of success, with not all of the grant money available expected to be spent in full. These additional policies, however, have led to a more complicated business rates relief system and has meant additional administrative work on the Business Rates Section along with upgrades to software systems to award these reliefs. The Section is also having to undertake a “better buy” option on behalf of businesses and advise which discretionary relief is most advantageous to that business having regard to the complex nature of reliefs available.

These reliefs, however, **do not apply** to charities and non-profit making organisations. The aim to consult on the Discretionary Business Rates Relief Policy for Charities and Non-Profit Making Organisations during 2014/ 2015 has, unfortunately, not been met as a result of additional work introducing these new discretionary policies.

The current position, therefore, is as follows –

Charities and non-profit making organisations in March 2015 were informed that the Council’s discretionary policy would end if a decision is not taken to extend the policy. To extend the current discretionary policy, new application forms will have to be sent and completed by businesses. Those who also receive mandatory relief as part of their overall relief, will still get this automatically. It is, therefore, proposed that the Discretionary Business Rates Relief Policy – Charities and Non-profit Making Organisations is extended for a further year.

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 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 Acting 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).

C - Why is this a decision for the Executive?

The policy has achieved the Executive's aim of consistency of interpretation and ease of administration. The introduction of categories E (1) through to F (2) has allowed officers to award relief without repeated recourse to the Executive or Section 151 Officer for decision. Indeed, the flexibility contained within categories E (1) to F (2) had meant that Category G had not been used. It would seem correct to conclude, therefore, that generally, the policy guidelines adopted in 2008 and renewed annually from 2013 thereafter has been a success. The Executive is asked to adopt the policy for a further year pending a review during 2015/16.

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 our leisure services.

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

£50,000 has been approved within the budget for 2015/16. This budget has not changed for a number of years and is there to meet the specific cost to the Authority and its Council Tax payers of granting over £700k of both mandatory (£537k) and discretionary (£176k) business rate relief for charities and non-profit making organisations. Most of the cost of this relief is borne by the Welsh Government's Business Rates Pool.

Over the last 3 years, for Charities and non-profit making organisations on the Island, the cost to the Welsh Government and the Council is as follows:-

Year	Description	£*	Pool Cost %	Pool Cost £	YMCC Cost %	YMCC Cost £
2012/13	Mandatory	613,961	100	613,961	0	0
	Discretionary "Top-up"	79,493	25	19,873	75	59,620
	Discretionary Non-Profit	82,700	90	74,430	10	8,270
	TOTAL	776,154	-	708,264	-	67,890
2013/14	Mandatory	582,988	100	582,988	0	0
	Discretionary "Top-up"	58,096	25	14,524	75	43,572
	Discretionary Non-Profit	117,349	90	105,614	10	11,175
	TOTAL	758,433	-	703,126	-	54,747
2014/15	Mandatory	537,966	100	537,966	0	0
	Discretionary "Top-up"	56,246	25	14,062	75	42,184
	Discretionary Non-Profit	119,653	90	107,688	10	11,965
	TOTAL	713,865	-	659,716	-	54,149

*These costs include adjustments for previous years. For Appendix A costs shown refer to 2014/15 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)	No comment given
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	Head of Economic Development welcomes and supports the report
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 – Discretionary Business Rates Relief Policy 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 17 March 2014		

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% £95,341	20% £23,483	100% £118,824	£17,612	63
A (2)	Maritime safety	80% £30,536	20% £7,034	100% £37,570	£5,276	6
B (1)	Recreation Clubs, Theatres, Band Rooms and Museums – (registered charity)	80% £18,286	20% £4,571	100% £22,857	£3,428	8
B (2)	Recreation Clubs, Theatres, Band Rooms and Museums – (not a registered charity)	0% £0	100% £84,885	100% £84,885	£8,489	28
C (1)	Educational organisations statutory or open to all	80% £4,571	20% £1,143	100% £5,714	£857	1
C (2)	Educational organisations	80% £252,737	0% £0	80% £252,737	£0	11
CH	Charity Shops	80% £50,753	0% £0	80% £50,753	£0	19
D	Regeneration, Employment, Rehabilitation Organisations	80% £4,571	20% £1,143	100% £5,714	£857	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% £65,550	20% £16,208	100% £81,758	£12,156	29
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% £18,837	100% £18,837	£1,884	7
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	100% £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% £0	80% £908	100% £908	£91	1
FF	Agricultural show grounds	80% £15,136	20% £3,784	100% £18,920	£2,838	1
G	Not any of the above categories	Various £0	Various £0	Various £0	£0	0
Totals – 2014/15		£537,481	£161,996	£699,477	£53,488	174
Cost per Band D – 2014/15					£1.78	